未來發展控股有限公司
Prosperous Future Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1259

2024
ANNUAL REPORT

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This annual report, in both English and Chinese versions, is available on the Company's website at www.pfh.hk.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the "Corporate Communications").

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's Branch Share Registrar and Transfer Office, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong. Shareholders who have chosen to receive the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this annual report since both languages are bound together into one booklet.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Lau Ka Ho *(Chief Executive Officer)*
Mr. Chan Hoi Tik *(Chief Financial Officer)*

Non-executive Director
Mr. Sze Wine Him Jaime

Independent Non-executive Directors
Ms. Chan Sze Man
Ms. Bu Yanan
Mr. Wong Sai Hung

BOARD COMMITTEES

Audit Committee
Ms. Chan Sze Man *(Chairman)*
Ms. Bu Yanan
Mr. Wong Sai Hung

Nomination Committee
Ms. Chan Sze Man *(Chairman)*
Ms. Bu Yanan
Mr. Lau Ka Ho

Remuneration Committee
Mr. Wong Sai Hung *(Chairman)*
Mr. Lau Ka Ho
Ms. Chan Sze Man

Executive Committee
Mr. Lau Ka Ho *(Chairman)*
Mr. Chan Hoi Tik

Investment and Credit Committee
Mr. Lau Ka Ho *(Chairman)*
Mr. Chan Hoi Tik

COMPANY SECRETARY

Mr. Li Kin Ping

AUDITOR

BDO Limited

PRINCIPAL BANKERS

Bank of Communications (Hong Kong) Limited
Bank of Communications Limited – Hong Kong Branch

STOCK CODE

1259

COMPANY WEBSITE

www.pfh.hk

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

17/F., EC Healthcare Tower (Central)
Nos. 19-20 Connaught Road Central, Central,
Hong Kong

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

Union Registrars Limited
Suites 3301-04, 33/F.,
Two Chinachem Exchange Square,
338 King's Road,
North Point, Hong Kong

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Director(s)") of Prosperous Future Holdings Limited (the "Company", together with its subsidiaries, the "Group", stock code: 1259.HK), I would like to extend my sincere gratitude to all shareholders and all sectors of the community for your constant support, and present the financial results and operating performance of the Group for the year ended 31 December 2024 (the "Reporting Period") to the shareholders.

During the prior year ended 31 December 2023, the Group disposed its subsidiary engaged in provision of temperature-controlled storage and ancillary services business, which is presented as discontinued operation in the consolidated financial statements. During the Reporting Period, the revenue of the Group's continuing operations was approximately HK$508.5 million, representing a decrease of approximately 1.7% from HK$517.4 million for the year ended 31 December 2023. Loss attributable to equity holders of the Company amounted to approximately HK$53.7 million as compared to loss of HK$38.7 million for the corresponding period in 2023; basic loss per share attributable to equity holders of the Company was HK$2.42 cents as compared to basic loss per share of HK$1.70 cents for the corresponding period in 2023.

In the second half of 2024, the Group has developed a new business operation within its financial business segment in the field of insurance business. A non-wholly owned subsidiary of the Group obtained a license from the Cayman Islands Monetary Authority to carry on insurance business. The Group plans to offer private placement life insurance, which is a life insurance product offering both death benefit protection and accumulative investment growth opportunities to the policyholder within the policy.

In 2025, the Group will continue to pursue its long-term goal of building up a balanced portfolio mainly composed of food and beverage services business and comprehensive financial services businesses. In light of elevated monetary policy uncertainty particularly in the United States, geopolitical tensions in the Middle East and Ukraine, aggravated international trade tensions driven by intensification of protectionist policies, the Group will closely monitor its development and keep on assessing the performance of its existing businesses, which include the provision of food and beverage services, financial services, property holding and investment holding. Given Hong Kong's unique role as a gateway between mainland China and the global market, the Group will persist in seeking opportunities within the financial services sector.

Finally, I would like to extend my heartfelt gratitude to all our colleagues, clients, and business partners for their unwavering support and loyalty. I also want to acknowledge our colleagues' dedication and contributions to the diligent progress of the Group. My sincere appreciation goes to our shareholders for their trust and for their understanding and recognition of the Group's future development plans.

Prosperous Future Holdings Limited
Mr. Lau Ka Ho
Chief Executive Officer

28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

The principal activity of Prosperous Future Holdings Limited (the "Company") is investment holding. The subsidiaries of the Company are principally engaged in the provision of food and beverage services, provision of financial business, properties holding and investment holding. The Company and its subsidiaries are hereinafter referred to as the "Group".

During the prior year ended 31 December 2023, the Group disposed its subsidiary engaged in temperature-controlled storage and ancillary services business, which was presented as discontinued operation.

BUSINESS REVIEW

Continuing Operations

Provision of Food and Beverage Services

During the Reporting Period, the Group's business segment of provision of food and beverage services business recorded a revenue of approximately HK$405.4 million, representing a decrease of about 6.0% over the last year (31 December 2023: approximately HK$431.4 million). While our strategy to focus on sales of premium products has effectively bolstered our market position, slowdown of local consumption demand and severe price competition exacerbated the competitive landscape.

The total gross profit for provision of food and beverage services was approximately HK$50.2 million for the Reporting Period, representing a decrease of approximately HK$2.9 million as compared with approximately HK$53.1 million for the year ended 31 December 2023. The decrease in gross profit is in line with the decrease in revenue. Gross profit margin increased to approximately 12.4%, representing an increase of approximately 0.1% compared with last year. The increase in gross profit margin is mainly attributable to better sales mix as a result of higher sales proportion in high margin products.

The provision of food and beverage services business recorded a segment profit of approximately HK$9.9 million during the Reporting Period (31 December 2023: approximately HK$8.1 million). The increase in profit was mainly due to decrease in selling and distribution expenses driven by decrease in storage and logistic costs.

Provision of Financial Business

The Group's business segment of provision of financial business includes securities investment, provision of professional services, securities brokerage, margin financing, advising on securities and asset management services, money lending and credit card issuing.

During the Reporting Period, the Group's business segment of provision of financial business contributed a total revenue of approximately HK$101.7 million to the Group (31 December 2023: approximately HK$85.2 million), representing a year-on-year increase of approximately 19.3%.

The provision of financial business recorded a loss of approximately HK$41.8 million (31 December 2023: approximately HK$23.0 million).

– Securities Investment Business

The Group's securities investment includes investment in listed securities and private unlisted fund for long-term purposes which are classified as financial assets at fair value through other comprehensive income.

As at 31 December 2024, the Group had a portfolio of securities investment of approximately HK$183.5 million, which consisted of equity securities listed in Hong Kong of approximately HK$15.2 million and unlisted investment funds of approximately HK$168.3 million.

2024 was characterized by a clear disparity in market performance, inflation expectations and interest rate environments between China and the United States. We stayed cautious on opening new position on securities trading during the Reporting Period. The securities investment business recorded a loss of approximately HK$0.1 million (31 December 2023: approximately HK$0.1 million).

Details of the significant investment (including any investment in an investee with a value of 5% or more of the Group's total assets as of 31 December 2024) performance during the Reporting Period are as follow:

		Movement for the year					
Name of the investment	**% to the total assets of the Group as at 1 January 2024**	**Fair value as at 1 January 2024**	**Change on fair value**	**Fair value as at 31 December 2024**	**% to the total assets of the Group as at 31 December 2024**	**Unrealised gain recorded in other comprehensive income for the year**	**Dividend received during the year**
	%	HKD'000	HKD'000	HKD'000	%	HKD'000	HKD'000
Unlisted fund							
HS Plus Global Investment Fund SPC – APLUS Asset Growth SP	2.26	18,312	150,002	168,314	15.51	150,002	–

Note:

HS Plus Global Investment Fund SPC – APLUS Asset Growth SP ("HP Fund SPC") is established by certain external fund manager which is principally engaged in securities investments. The Group aims at long-term capital growth for its investment in HP Fund SPC which is classified as financial assets at fair value through other comprehensive income.

– Securities Brokerage, Margin Financing, Asset Management and Professional Services Business

The Group currently provides brokerage services for securities, futures and other related products, margin financing as well as asset management services, to individuals and corporate clients. With a well-structured team of experienced professionals, the Group also offers fund administration and other relevant professional services to investment funds and corporates.

For the Reporting Period, this business recorded a total turnover of approximately HK$92.4 million (31 December 2023: approximately HK$83.3 million) due to increase in revenue from provision of professional consultancy services to investment funds and corporates.

This business recorded a total profit of approximately HK$0.4 million during the Reporting Period (31 December 2023: approximately HK$3.4 million). The decrease in profit is mainly attributable to the increase in advertising expense.

An impairment loss of trade receivables arising from margin financing of approximately HK$0.2 million (31 December 2023: approximately HK$7.2 million) was recognised during the Reporting Period.

As at 31 December 2024, the total value of outstanding trade receivables arising from margin financing is approximately HK$36,000. As at 31 December 2024, margin loans with gross carrying amount of HK$6.4 million with interest rate of approximately 12.0% per annum and repayment on demand were assessed as credit-impaired due to margin shortfall. Those margin loans were secured by certain securities with approximately HK$36,000 market value at the end of the Reporting Period.

As stated in the above paragraph, margin loans of two customers with the total gross carrying amount of approximately HK$6.4 million were assessed as credit-impaired as at 31 December 2024. In the prior year, the market price of listed securities pledged by those margin clients significantly declined, and they failed to fully make up the margin shortfall by providing sufficient monetary amount of additional collaterals or repayment. Accordingly forced sale of the relevant pledged securities of the clients' position in the open market were executed in the prior year. An accumulated impairment provision of approximately HK$6.4 million was made for these two exposures at the end of the Reporting Period.

The Group's gross trade receivables from margin financing were concentrated, in which 50.0% (approximately HK$3.2 million) and 100.0% (approximately HK$6.4 million) of such receivables were due from the largest borrower and the top two borrowers, respectively.

Details of the credit risk management and key internal controls related to our margin financing business are set out in the paragraphs headed "RISK MANAGEMENT AND INTERNAL CONTROLS" under the section headed "Corporate Governance Report" in this annual report.

The Group will continue to provide tailor-made financial solutions and professional services in connection with financial products and funds to our clients in future.

– Money Lending Business and Credit Card Business

The Group's money lending and credit card business recorded a turnover of approximately HK$9.3 million (31 December 2023: approximately HK$2.0 million) due to the full year effect of credit card handling charge income, as the Group commenced its credit card issuing business during last year.

As at 31 December 2024, the Group has a gross carrying amount of loan and interest receivables of approximately HK$3.2 million (31 December 2023: loans of approximately HK$4.1 million), representing one outstanding unsecured loan with effective interest rate of approximately 24.0% per annum with a term in 12 months (the "Outstanding Loan"). The Outstanding Loan was granted to an independent third party of the Company. As at 31 December 2024 and 31 December 2023, the loan and interest receivables were fully impaired.

The Group's gross loan and interest receivables were concentrated, in which approximately 100.0% (approximately HK$3.2 million) of such receivables were due from the largest borrower.

When the Group discovers that a borrower has become bankrupt, the Group will fully write off the loan and interest receivables of that borrower. A loan and interest receivables of approximately HK$0.2 million were written off during the year ended 31 December 2024 (31 December 2023: approximately HK$0.4 million).

The Group accounts for its credit risk by providing for expected credit losses on a timely basis where appropriate. In computing the rate for the expected credit loss, the Group takes into account of the historical loss rates for each category of receivables and adjusts for forward-looking macroeconomic data.

A reversal of impairment loss on loan and interest receivables of approximately HK$0.8 million was recognised during the year ended 31 December 2024 mainly due to the overall decrease in gross loan and interest receivables in the same period as there were repayments made during the year (31 December 2023: approximately HK$1.5 million).

The provision of money lending and credit card business recorded a loss of approximately HK$42.1 million (31 December 2023: approximately HK$26.3 million). The increase in loss was primarily due to the additional staff cost incurred which resulted from increase in headcount to enhance system development and customer service capability for our money lending and credit card business.

The Group's original money lending business consists of granting of loans to a variety of customers, including both individuals and corporations, and is conducted primarily through PFH Finance, which is a money lender licenced in Hong Kong under the provisions of the Money Lenders Ordinance. The Group strives to adhere to a set of comprehensive policy and procedural manual in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering and counter-terrorist financing. The source of funds of PFH Finance is mainly from the Group's internal funds. The main source of potential borrowers were referrals from existing customers, employees or business partners.

Details of the credit risk management and key internal controls related to our money lending business are set out in the paragraph headed "RISK MANAGEMENT AND INTERNAL CONTROLS" under the section headed "Corporate Governance Report" in this annual report.

Properties Holding

The Group currently holds certain industrial properties located at Cheung Sha Wan, Hong Kong and leased out some of these properties.

During the Reporting Period, the business segment of properties holding reported a revenue of approximately HK$1.4 million (31 December 2023: approximately HK$0.8 million). The increase is resulted from the increase in occupancy rate during the Reporting Period and the full year effect of existing tenancy entered in last year.

During the Reporting Period, the Group disposed its entire interest in Apex Magic International Limited ("Apex Magic") together with the subsidiaries of Apex Magic, which held certain properties for redevelopment in Yuen Long, Hong Kong. A net gain of approximately HK$1.9 million was recognized for such disposal.

The properties holding business recorded a segment loss of approximately HK$19.5 million (31 December 2023: approximately HK$9.5 million).

An impairment loss on properties for development of approximately HK$9.2 million was provided during the Reporting Period (31 December 2023: approximately HK$7.0 million).

The loss on change in fair value of investment properties of approximately HK$9.7 million was provided during the Reporting Period (31 December 2023: approximately HK$1.6 million).

Discontinued Operation

Others (Temperature – controlled Storage)

The segment mainly represents the provision of temperature-controlled storage and ancillary services business conducted primarily through the Company's indirect subsidiary, China Cold Chain Co. Limited ("CCC"). During the prior year ended 31 December 2023, the Group disposed its entire interest in CCC and ceased to engage in temperature-controlled storage and ancillary services business upon the disposal. A revenue of approximately HK$1.9 million and a loss of approximately HK$0.5 million were recorded during the year ended 31 December 2023.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group was approximately HK$508.5 million, representing a decrease of about 1.7% over the last year (for the year ended 31 December 2023: approximately HK$517.4 million).

Gross Profit and Gross Profit Margin

Gross profit of the Group for the Reporting Period was approximately HK$130.5 million, representing an increase of about 10.5% as compared with the gross profit of approximately HK$118.2 million for the year ended 31 December 2023. The increase in the gross profit was mainly due to increase in gross profit of provision of financial business.

During the Reporting Period, the gross profit margin increased by approximately 2.9% over the last year to approximately 25.7% (for the year ended 31 December 2023: approximately 22.8%). The increase in overall gross profit margin was primarily due to increase in gross profit margin of provision of financial business.

Other Income and Gains

Other income and gains mainly comprised of interest income from bank deposits, income from other services and other miscellaneous income or gains. Other income and gains amounted to approximately HK$16.4 million for the Reporting Period, representing an increase of 36.5% as compared with approximately HK$12.0 million for the same period of last year. The increase is primarily attributable to income from other services was recorded during the Reporting Period.

Selling and Distribution Expenses

Selling and distribution expenses primarily consisted of storage and logistic costs, advertising expenses, salaries expenses of sales personnel and other expenses. Selling and distribution expenses amounted to approximately HK$41.1 million for the Reporting Period, representing an increase of about 8.8% as compared with approximately HK$37.8 million for the year ended 31 December 2023. The increase was mainly due to increase in advertising expenses.

The selling and distribution expenses accounted for approximately 8.1% of the revenue during the Reporting Period (for the year ended 31 December 2023: approximately 7.3%), among which, storage and logistic costs, as a percentage of revenue, decreased from approximately 5.7% for the year ended 31 December 2023 to approximately 4.9% for the Reporting Period.

Administrative Expenses

Administrative expenses primarily consisted of salaries and wages for administrative staff, professional fees, depreciation and other expenses. Administrative expenses of the Group amounted to approximately HK$134.8 million for the Reporting Period (for the year ended 31 December 2023: approximately HK$106.5 million), representing an increase of approximately 26.6% over the last year. The increase was mainly due to increases in wages and salaries incurred by our money lending and credit card business during the year.

Administrative expenses accounted for approximately 26.5% of the Group's revenue for the Reporting Period (for the year ended 31 December 2023: approximately 20.6%).

Other Expenses

Other expenses mainly represent impairment losses on properties for development, right-of-use assets and trade receivables arising from margin clients. Other expenses amounted to approximately HK$12.5 million for the Reporting Period, marking a 13.7% year-over-year decline from approximately HK$14.4 million for the year ended 31 December 2023. The decrease was resulted from decrease in impairment loss on trade receivables arising from margin clients, which was partially offset by the impairment loss on right-of-use assets recognized during the year and increase in impairment loss on properties for development.

Finance Costs

The Group had finance costs of approximately HK$0.7 million for the Reporting Period (for the year ended 31 December 2023: approximately HK$0.8 million).

Disposal of Subsidiaries

Apex Magic International Limited ("Apex Magic")

On 20 November 2024, the Company as the vendor entered into the sale and purchase agreement with Deutschland Auto Spare Parts GMBH Limited as the purchaser, to sell its entire interest in Apex Magic International Limited ("Apex Magic"), and 100% of all liabilities and debts owing by Apex Magic to the Company at a consideration of HK$27 million (the "Disposal"). Apex Magic is a 50% shareholder of Jumbo Excel Investment Corporation ("Jumbo Excel"). Jumbo Excel, through its subsidiaries, held indirect interest in certain land and properties in Yuen Long, Hong Kong. As the highest applicable percentage ratio in respect of the Disposals on an aggregated basis exceeds 5% but is lower than 25%, the Disposal constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules. For details of the Disposal, please refer to the Company's announcement dated 20 November 2024. A net gain of approximately HK$1.9 million was recognized for the Disposal.

China Cold Chain Co. Limited ("CCC")

The Group entered into an agreement to dispose its entire interest in CCC for consideration valued at approximately HK$2.3 million with a certain purchaser on 31 March 2023 and completed the disposal on 30 April 2023. CCC, a 70% indirectly owned subsidiary of the Company, was primarily engaged in provision of temperature-controlled storage and ancillary services business. Upon completion of the disposal, the Group ceased to hold any interests in CCC and a gain on disposal of approximately HK$1.1 million was recognized.

Significant Investments Held, Material Acquisitions or Disposals of Subsidiaries and Affiliated Companies, and Plans for Material Investments or Capital Assets

Save as disclosed in the above section headed "Disposal of Subsidiaries", the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies for the year ended 31 December 2024. Saved as disclosed in the above section headed "Business Review – Provision of Financial Business – Securities Investment Business", the Group did not hold any significant investments as at 31 December 2024. The Group does not have any future plans in relation to material investments or capital assets.

Net Loss and Net Loss Margin

For the Reporting Period, loss attributable to equity holders of the Company amounted to approximately HK$53.7 million as compared with loss attributable to equity holders of the Company of approximately HK$38.7 million for the year ended 31 December 2023. The net loss margin was approximately 10.6% as compared with the net loss margin of approximately 7.5% for the year ended 31 December 2023, with basic loss per share of approximately HK2.42 cents (basic loss per share for the year ended 31 December 2023: approximately HK1.70 cents).

Capital Expenditure

For the Reporting Period, the Group's material capital expenditure (consists of addition to property, plant and equipment and investment properties) amounted to approximately HK$0.1 million (for the year ended 31 December 2023: approximately HK$0.9 million), which was mainly used for renovation of our offices and acquisition of office equipment.

Financial Resources and Liquidity

As at 31 December 2024, cash and bank balances of the Group amounted to approximately HK$389.4 million (for the year ended 31 December 2023: approximately HK$358.3 million). The current ratio was 1.9 (for the year ended 31 December 2023: 3.4). Our liquidity remained healthy. The uses of balance of cash and bank balances were mainly as follows: firstly, providing the liquid capital and strengthening the operation of the provision of financial business; secondly, developing the provision of food and beverage services business; and thirdly, pursuing potential acquisition and investment opportunities.

Fundraising Activities

During the Reporting Period, the Company had not issued any equity securities for cash.

Loan and Interest Receivables

As at 31 December 2024 and 31 December 2023, the Group's loan and interest receivables were nil. During the Reporting Period and the prior year ended 31 December 2023, the Group did not enter into any additional loan arrangements with customers.

A reversal of impairment loss on loan and interest receivables of approximately HK$0.8 million was made during the Reporting Period (31 December 2023: approximately HK$1.8 million).

Gross loan and interest receivables of approximately HK$0.2 million were written off during the Reporting Period (31 December 2023: HK$0.4 million). Such receivables were fully impaired in prior years.

Trade Receivables

As at 31 December 2024, the Group's trade receivables were approximately HK$70.0 million (31 December 2023: approximately HK$81.7 million). The amount included trade receivables arising from margin financing approximately HK$36,000 (31 December 2023: approximately HK$4.5 million) with repayment on demand clause and trade receivables arising from dealing in securities and futures contracts services (clearing house, brokers and cash clients) approximately HK$7.0 million (31 December 2023: approximately HK$6.2 million) to be settled one to two days after trade date. Besides, the Group usually grants a credit period of 30 to 180 days to the customers for settling trade receivables arising from the remaining businesses amounted at approximately HK$62.9 million (31 December 2023: approximately HK$71.0 million).

An impairment loss on trade receivables arising from margin financing of approximately HK$0.2 million was recorded during the Reporting Period (31 December 2023: approximately HK$7.2 million). A reversal of impairment loss on trade receivables arising from the remaining businesses of approximately HK$1.2 million was made during the Reporting Period (31 December 2023: impairment loss of approximately HK$1.0 million).

Trade Payables

As at 31 December 2024, trade payables were approximately HK$335.5 million (31 December 2023: approximately HK$123.3 million), of which included trade payables arising from dealing in securities and futures contracts services approximately HK$282.4 million (31 December 2023: approximately HK$92.9 million) to be settled one to two days after trade date and trade payables arising from provision of escrow services approximately HK$49.9 million (31 December 2023: approximately HK$24.7 million) of which payments shall be made upon client's request. Besides, the Group normally settled the remaining payables arising from other businesses amounted at approximately HK$3.2 million (31 December 2023: approximately HK$5.7 million) on terms of 30 to 180 days and kept good payment records.

Inventories

As at 31 December 2024, inventories of the Group were approximately HK$37.6 million (31 December 2023: approximately HK$42.7 million). As at 31 December 2024, the inventory balance decreased by approximately 12.0% over 31 December 2023.

Gearing Ratio

As at 31 December 2024, the current assets and total assets of the Group were approximately HK$745.7 million and HK$1,085.0 million respectively, the current liabilities and total liabilities of the Group were approximately HK$385.0 million and HK$388.1 million respectively. The gearing ratio (total liabilities/total assets) of the Group was approximately 35.8% (31 December 2023: approximately 21.8%).

Bank Borrowings

As at 31 December 2024, the Group did not have any bank borrowings (31 December 2023: approximately HK$6.9 million). No facility was provided to the Group from banks (31 December 2023: Facilities were provided to the Group from banks in Hong Kong in the form of secured bank borrowings amounting to approximately HK$6.9 million secured by a guarantee from the Company).

Pledge of Assets

As at 31 December 2024 and 31 December 2023, the Group did not have any pledged assets for borrowings.

Capital Structure

The major objective of the Group's capital management is to ensure the ability of sustainable operations and maintain a healthy capital ratio in order to support its businesses and maximise the interests of the shareholders (the "Shareholders") of the Company. The Group continued to emphasise the appropriate mix of equity and debt to ensure an efficient capital structure in order to reduce capital cost.

Risk of Foreign Exchange

The Group's business operations were denominated mainly in HK$ and US dollars ("USD") during the Reporting Period.

The Group's assets and liabilities are mainly denominated in HK$ and USD at the year end. Currently, the Group has not entered into any agreement or purchased any instrument to hedge the Group's foreign currency risk. Since the HK$ is pegged to the USD, the Group's exposure to foreign currency risk in respect of asset and liabilities denominated in USD is considered to be minimal.

The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

Contingent Liabilities

As at 31 December 2024 and 31 December 2023, the Group had no material contingent liabilities.

OUTLOOK

The Group remains committed to create long-term values for its Shareholders by developing a well-diversified business portfolio comprised of our food and beverage business and financial business.

Globally, macro challenges persisted with significant policy uncertainty under U.S. President Trump's administrations, ongoing slowdown in Mainland China's property market and prolong tensions in the Middle East. Locally, Hong Kong's economic momentum is hindered by structural transformations and trend of trading down by budget-conscious consumers. An overall economic turnaround has yet to take place and the Group will monitor its business development in cautious manner.

Looking ahead to 2025, the food and beverage services industry will encounter both opportunities and challenges. With the resumption and expansion of the multiple-entry Individual Visit Scheme for Shenzhen and its potential further expansion to other regions, Hong Kong's tourism and catering industries are expected to see a boost. Conversely, the trend of northward shifting in local consumer spending is likely to reduce demand in Hong Kong's frozen foods market. Besides, a continued surge in global procurement costs is anticipated due to extended protectionist policies and rising tariffs. Given the high uncertainty of the overall environment in the short term, the Group will remain cautious in its approach to developing the food and beverage services business. Nevertheless, we remain confident in our long-term growth potential, supported by a robust client base and a well-balanced list of international suppliers. We will continue to focus on diversifying our high-margin product offerings and expanding our market presence by staying attuned to emerging customer trends.

Given Hong Kong's strategic role as a global hub for offshore RMB business and a regional hub for green technology and finance, the Group believes Hong Kong will maintain its leading position in the regional capital market. The Hong Kong government, with strong support from the Mainland China Government, has been actively promoting the city as a premier asset management centre. Several targeted policies have been implemented to encourage growth in this sector. The Mainland China market is expected to remain the primary growth driver for Hong Kong's financial services industry. This is due to the increasing number of high-net-worth individuals and a rising middle-class population, both of which are expected to drive the demand for investment products. With its extensive experience in asset management and a range of innovative investment products, Hong Kong is well-positioned to meet the needs of this expanding market. The Group has been looking into opportunities to expand its business portfolio in the financial sector. With our expansion into the credit card business and insurance business, our financial business segment has further progressed to our long-term strategic development goal of establishing as a comprehensive financial services institution.

Amid high uncertainty, the investment landscape continue to be volatile. We will remain conservative in considering investment in securities or other financial products.

To generate value for our Shareholders, the Group will continuously assess the performance of its existing businesses and identify segments with growth potential. Additionally, the Group may consider diversifying into new business areas if advantageous opportunities present themselves. The Company will issue formal announcements and adhere to reporting obligations in accordance with the Listing Rules as necessary.

EMPLOYEES AND REMUNERATION

As at 31 December 2024, the Group employed 164 employees (as at 31 December 2023: 126 employees).

Employees of the Group are remunerated based on their individual performance, professional qualifications, experience in the industry and relevant market trends. In addition to basic salaries, year-end bonuses may be awarded by the Group to those staff members with outstanding performance.

The Group operates the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong) for employees employed under the Hong Kong Employment Ordinance (Chapter 57 of the laws of Hong Kong). The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the Group and the employees are each required to make contributions to the plan at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK$30,000 per employee. There are no forfeited contributions for the MPF Scheme as the contributions are fully vested to the employees upon payments to the MPF Scheme.

Furthermore, pursuant to the relevant laws and regulations in overseas regions, the Group has joined the respective defined contribution retirement schemes for its local employees (the "Overseas Retirement Schemes"). The Group makes contributions to the Overseas Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. As at 31 December 2024, there were no forfeited contributions for the Overseas Retirement Schemes as the contributions were fully vested to the employees pursuant to the applicable laws and regulations.

In addition, a share option scheme was adopted by the Company in June 2021 for the purpose of providing incentive or reward to staff members and other eligible participants who make contributions to the success of the Group. The Directors believe that the compensation packages offered by the Group to its staff members are competitive in comparison with market standards and practices.

FINAL DIVIDEND

The Board has resolved not to declare any final dividend in respect of the year ended 31 December 2024 (year ended 31 December 2023: Nil).

DIRECTORS

Executive Directors

Mr. Lau Ka Ho (劉家豪), aged 46, was appointed as an executive director, chief financial officer, company secretary, member of nomination committee and member of executive committee of the Company on 24 May 2019. He was also appointed as the member of remuneration committee and chairman of investment and credit committee of the Company on 31 December 2019 and 8 January 2021 respectively. Mr. Lau had been re-designated from the position of Chief Financial Officer to the Chief Executive Officer and resigned as the company secretary on 31 December 2019. He had also been re-designated from the member of executive committee to the chairman of executive committee on 30 June 2021. He is currently the director of certain subsidiaries of the Group. Mr. Lau holds a Master's degree in business administration from The University of Iowa and a Master's degree in corporate governance from Hong Kong Metropolitan University. Mr. Lau is a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. He is also a member of The Hong Kong Institute of Directors and holds a Diploma in Company Direction.

He has more than 15 years of experience in corporate management, corporate finance and corporate secretarial areas.

Mr. Lau was appointed as an independent non-executive director of International Entertainment Corporation (a company listed on the main board of Stock Exchange; stock code: 1009) on 1 June 2020.

He was also appointed as an executive director of Gain Plus Holdings Limited (a company listed on the main board of Stock Exchange; stock code: 9900) on 25 February 2021 and was the company secretary from 3 September 2021 to 12 February 2025.

Mr. Chan Hoi Tik (陳凱廸), aged 42, was appointed as an executive director, company secretary, chief financial officer and member of executive committee of the Company on 31 December 2019. Mr. Chan had resigned as the company secretary on 8 January 2021. He was also appointed as a member of investment and credit committee on 15 July 2022. He is currently the director of certain subsidiaries of the Group.

Mr. Chan holds a Bachelor's Degree in Accountancy and Law and a Master's Degree in Business Administration from the City University of Hong Kong and a Continuing Education Diploma in Tax Advisory. Before joining the Company, Mr. Chan had worked in international accounting firms and as financial management positions in a listed company and private companies.

Mr. Chan is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Institute of Chartered Accountants in England and Wales, an associate member of the Chartered Institute of Management Accountants and a Chartered Global Management Accountant. He has over 15 years of experience in accounting and auditing fields.

Non-executive Director

Mr. Sze Wine Him Jaime (施榮忻), aged 50, was appointed as a non-executive director of the Company on 3 August 2020. Mr. Sze has more than 25 years of experience in the investment industry. He is currently the investment director of Hang Tung Resources Holding Limited. He is also the vice president of the 12th Committee of All-China Youth Federation, the founding and emeritus chairman of The Y.Elites Association, the member of Council of The Hong Kong Polytechnic University, the president and honorary chairman of Centum Charitas Foundation, the co-founding chairman of the ACYF HK Members Association and the director and honorary chairman of The Committee of Youth Activities in Hong Kong. In recognition of his valuable contribution to Hong Kong, he was appointed as a Justice of the Peace by the Hong Kong Special Administrative Region Government on 1 July 2014, and was awarded the Bronze Bauhinia Star on 1 July 2019.

Independent Non-executive Directors

Ms. Chan Sze Man (陳詩敏), aged 43, was appointed as an independent non-executive director of the Company on 20 September 2016. She is also the chairman of each of the Audit Committee and the Nomination Committee and member of Remuneration Committee of the Company. Ms. Chan received a Bachelor's Degree in Business Administration (majoring in Accountancy) from The Hong Kong University of Science and Technology. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants and has over 17 years of experience in accounting and auditing for Hong Kong listed companies and private companies. Ms. Chan is currently a non-executive director of Tongda Group Holdings Limited (a company listed on the main board of the Stock Exchange; stock code: 698) and an independent non-executive director of Chi Kan Holdings Limited (a company listed on the main board of Stock Exchange; stock code: 9913). Ms. Chan has been appointed as an independent non-executive director of Weiye Holdings Limited (Company listed on the main board of Stock Exchange; Stock Code: 1570) since 30 September 2024.

Ms. Bu Yanan (卜亞楠), aged 39, was appointed as an independent non-executive director of the Company on 15 September 2017. She is also the member of each of the Audit Committee and the Nomination Committee of the Company. She was graduated from the City University of Hong Kong with a bachelor of laws and has completed the Practising Certificate in law programme to qualify for admission as a barrister of High Court of Hong Kong in 2011. She is also an Accredited General and Family Mediator of the Hong Kong International Arbitration Centre and of the Hong Kong Mediation Accreditation Association, a fellow of Hong Kong Institute of Arbitrators. Ms. Bu has been in active practice at the Bar in various criminal and commercial matters and has extensive legal experience.

Mr. Wong Sai Hung (王世雄), aged 50, was appointed as an independent non-executive director of the Company on 29 December 2023. He is also the chairman of the Remuneration Committee and member of the Audit Committee of the Company. He obtained a Bachelor of Commerce degree from the University of Toronto and a Bachelor of Laws degree from the City University of Hong Kong in 2006. He also obtained the Postgraduate Certificate in Laws from the University of Hong Kong in 2008. He is a practicing solicitor in Hong Kong since 2010 and is currently a partner of CFN Lawyers. He is a member of The Hong Kong Institute of Certified Public Accountants, a chartered financial analyst of The CFA Institute and a financial risk manager of The Global Association of Risk Professionals.

COMPANY SECRETARY

Mr. Li Kin Ping (李健平), aged 41, obtained a bachelor's degree of Business Administration (Honours) Accounting from Hong Kong Baptist University. He is a member of the Hong Kong Institute of Certified Public Accountants and has over 10 years of experience in accounting and auditing for Hong Kong listed companies and private companies.

SENIOR MANAGEMENT

Mr. Chow Yiu Kwong Mosby (周耀剛), aged 53, was appointed as a director and chief executive officer of PFH Finance and PFH FinTech to support the Group's expansion of its financial services business segment. Mr. Chow has over 27 years of experience in the financial information technology industry, having worked with several major financial institutions, including international banks, securities and foreign exchange trading firms and cryptocurrency firms. Mr. Chow also has extensive experience with successfully applying for the stored-value-facility license and card issuing memberships in Hong Kong. Mr. Chow holds a Bachelor's of mathematics in computer science from the University of Waterloo and a Master of business administration from City University of Hong Kong.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company believes that good corporate governance practices are very important for maintaining and promoting investor confidence and for the sustainable growth of the Group. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business. The Board is committed to strengthening the Group's corporate governance practices and ensuring transparency and accountability of the Company's operations.

The Company has applied the principles as contained in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules.

The Board considers that during the year ended 31 December 2024 (the "Reporting Period"), the Company has complied with the code provisions set out in the CG Code apart from the code provisions F.2.2 and C.2.1 described in the paragraph headed "THE BOARD – Chairman and Chief Executive". Key corporate governance principles and practices of the Company as well as the details of the foregoing deviation are summarized below.

CORPORATE PURPOSE, VALUES AND CULTURE

The Group's corporate purpose is to make the world a better place by offering high standard services to society, which is supported by the Group's business principles of innovation, teamwork and integrity at all levels. By setting food safety and quality as our top priority for our food and beverage business, the Group aims to be a leading corporation in the industry. The Group also capitalizes on Hong Kong's unique cross-border business opportunities as an offshore RMB hub and leverages our background as a one-stop financial services provider, with the long-term strategic development goal of establishing a comprehensive financial services institution with global influence and market competitiveness in the region.

The Group has a robust and continuing strategic planning process in place to identify and assess potential opportunities and challenges, as well as to design a plan of action for the Group to generate long-term value for Shareholders. Details of our strategic initiatives and priorities for fulfilling our corporate purpose and vision are set out in the Management Discussion and Analysis section of this annual report.

The Board oversees corporate culture through various measures and tools, including talent acquisition, employee retention and training, financial reporting, whistleblowing, legal and regulatory compliance (including the Code of Conduct), as well as staff safety and support. Taking into account the corporate culture in a range of contexts, the Board considers that the culture and the purpose, values and strategy of the Group are aligned.

THE BOARD

Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decision and performances in the attainment of the objective of ensuring effective functioning and growth of the Company and enhancing value to investors. All the Directors carry out their duties in good faith, take decisions objectively and act in the interests of the Company and its Shareholders at all times.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All Directors have timely access to all relevant information as well as the advice and services of the company secretary and senior management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any Director may request independent professional advice in appropriate circumstances at the Company's expenses, upon reasonable request made to the Board.

The senior management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the above-mentioned officers. The Board has the full support of the senior management to discharge its responsibilities.

Board Composition

The composition of the Board as at 31 December 2024 is as follows:

Executive Directors:

Mr. Lau Ka Ho	*(Chief Executive Officer, Member of the Remuneration Committee, Member of the Nomination Committee, Chairman of the Executive Committee and Chairman of the Investment and Credit Committee)*
Mr. Chan Hoi Tik	*(Chief Financial Officer, Member of the Executive Committee and Member of the Investment and Credit Committee)*

Non-executive Director:

Mr. Sze Wine Him Jaime

Independent Non-executive Directors:

Ms. Chan Sze Man	*(Chairman of the Audit Committee, Chairman of the Nomination Committee and Member of the Remuneration Committee)*
Ms. Bu Yanan	*(Member of the Audit Committee and Member of the Nomination Committee)*
Mr. Wong Sai Hung	*(Chairman of the Remuneration Committee and Member of the Audit Committee)*

During the year under review, the Company has met the requirements of under Rules 3.10 and 3.10A of the Listing Rules of having three independent non-executive Directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The members of the Board have experience and skills appropriate for the business requirements and objectives of the Group. Each executive Director is responsible for different business and functional divisions of the Group in accordance with his areas of expertise. The independent non-executive Directors bring different business and financial expertise, experience and independent judgment to the Board, and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, taking the lead in managing issues involving potential conflict of interests, the independent non-executive Directors had made contributions to the effective direction of the Company and provided adequate supervision and balances to safeguard the interests of both the Group and the Shareholders.

The biographical details of the Directors of the Company are set out under the section headed "Directors, Company Secretary and Senior Management Biographies" in this annual report. None of the members of the Board is related to one another.

The Company recognises that Board independence is key to good corporate governance. A policy in relation to independent views available to the Board was adopted by the Company to ensure effective mechanisms that underpin a strong independent Board and that independent views and input from Directors are conveyed to the Board. The Board shall annually review the implementation and effectiveness of the policy.

As at the date of this report, two out of six Directors are female, representing about 33.3% of the Board. The Board will continue to embrace gender diversity and target to achieve gender parity as the ultimate goal. The Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

As at the date of this report, no independent non-executive Director has served the company for more than nine years.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in light of the independence guidelines set out in the Listing Rules.

Chairman and Chief Executive

The Board is of the view that the Company has complied with the code provisions set out in the CG Code as contained in Appendix C1 to the Listing Rules during the Reporting Period apart from the code provisions F.2.2 and C.2.1 as disclosed below.

Under code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting. During the Reporting Period, the Company did not appoint any individual to be the chairman of the Board as the Board was still in the process of identifying a suitable candidate. Mr. Lau Ka Ho ("Mr. Lau"), the executive Director and chief executive officer of the Company, has chaired the annual general meeting held on 21 June 2024 ("2024 AGM") and addressed questions raised by the Shareholders at the 2024 AGM. The chairman of the audit, nomination and remuneration committees of the Board, and representatives of the Company's auditor also attended the 2024 AGM and were available to address questions from the Shareholders.

Having considered the knowledge of the aforesaid attendees, including representation from the Company's management and auditor, the Company considers that questions or issues raised by Shareholders would be sufficiently addressed and that an effective dialogue between the Company and the Shareholders has been maintained.

Under code provision C.2.1 of the CG Code, the role of chairman and chief executive should be separate and should not be performed by the same individual. As aforesaid, the Company did not appoint any individual to be the chairman of the Board during the Reporting Period. Hence the Company deviated from the requirements under code provision C.2.1. The Board will nominate suitable candidate to act as chairman of the Board as soon as practicable and will make necessary announcement as and when appropriate.

Appointment and Re-election of Directors

The Company's articles of association (the "Articles of Association") contains provisions on the procedures and process of appointment and removal of directors.

Each Director, including the non-executive Director and independent non-executive Directors, has entered into a service contract with the Company for a term of three years, subject to renewal upon expiry of the terms. They are also subject to re-election in accordance with the Articles of Association provisions.

According to the Articles of Association, one-third of the Directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. In addition, any new Director appointed by the Board to fill a casual vacancy in the Board shall hold office only until the first general meeting after appointment, and any new Director appointed by the Board as an addition to the Board shall hold office until the next following annual general meeting of the Company. The retiring directors are eligible for re-election by the Shareholders at the respective general meetings.

Training and Continuing Development for Directors

Each newly appointed Director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group, and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Mr. Wong Sai Hung, who was appointed as an independent non-executive Director during the financial year ended 31 December 2023, attended a training session on 9 January 2024, at which an external legal adviser provided legal advice on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a director of a listed company and the possible consequences of making a false declaration or giving false information to the Stock Exchange. He has confirmed he understood his obligations as a Director of the Company.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to Directors from time to time for their studying and reference.

During the Reporting Period, all Directors complied with the code provision C.1.4 of the CG Code on participation in continuous professional training as follows:

– All Directors (being Mr. Lau Ka Ho, Mr. Chan Hoi Tik, Mr. Sze Wine Him Jaime, Ms. Chan Sze Man, Ms. Bu Yanan and Mr. Wong Sai Hung) received regular briefings and updates from the Company on the Group's business, operations and corporate governance matters.

– Mr. Lau Ka Ho, Mr. Chan Hoi Tik, Ms. Chan Sze Man, Ms. Bu Yanan and Mr. Wong Sai Hung attended relevant seminars organized by other professional firms/institutions/the Stock Exchange.

– Mr. Lau Ka Ho, Mr. Chan Hoi Tik, Mr. Sze Wine Him Jaime, Ms. Chan Sze Man, Ms. Bu Yanan and Mr. Wong Sai Hung read technical bulletins, periodicals and other publications on subjects relevant to the Group and on their responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

Directors' Attendance Records

The attendance records of each Director at the Board and Board committees meetings and annual general meeting of the Company held during the Reporting Period are set out below:

	Attendance/Number of Meetings						
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Executive Committee**	**Investment and Credit Committee**	**Annual General Meeting**
Executive Directors:							
Mr. Lau Ka Ho	9/9	N/A	1/1	1/1	3/3	2/2	1/1
Mr. Chan Hoi Tik	9/9	N/A	N/A	N/A	3/3	2/2	1/1
Non-executive Director:							
Mr. Sze Wine Him Jaime	9/9	N/A	N/A	N/A	N/A	N/A	1/1
Independent non-executive Directors:							
Ms. Chan Sze Man	8/9	4/4	1/1	1/1	N/A	N/A	1/1
Ms. Bu Yanan	7/9	4/4	N/A	1/1	N/A	N/A	0/1
Mr. Wong Sai Hung	8/9	4/4	1/1	N/A	N/A	N/A	1/1

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities. Each Director has been given a copy of the Model Code. Specific enquiry has been made of all the Company's Directors and they have confirmed their compliance with the Model Code throughout the Reporting Period.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines"), governing securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

Corporate Governance Functions

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

During the year under review, the Board has performed such corporate governance functions as follows: (i) developed and reviewed the Company's corporate governance policies and practices and make recommendations to the Board, (ii) reviewed and monitored the training and continuous professional development of Directors and senior management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) developed, reviewed and monitored the code of conduct and the Employees Written Guidelines, and (v) reviewed the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

BOARD COMMITTEE

The Board established five Board committees, namely, the Executive Committee, the Remuneration Committee, the Nomination Committee, the Audit Committee and the Investment and Credit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website. All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Executive Committee

The members of the Executive Committee during the year and as the date of this report were as follows:

Executive Directors
Mr. Lau Ka Ho *(Chairman)*
Mr. Chan Hoi Tik

The Executive Committee has been delegated by the Board the powers in the oversight of the management of the business and affairs of the Group.

During the Reporting Period, the Executive Committee held 3 meetings (the attendance records of each committee member are set out in sub-section Directors' Attendance Records above). The Executive Committee performed the following major works during the year:

– to consider emerging issues, that may be material to the business and affairs of the Group and the realization of its agreed strategy;

– to review material strategic initiatives, including acquisitions and disposals, joint ventures and investments and recommend such to the Board;

– to monitor and review the implementation of the Group's strategic and investment plans;

– to monitor and review the organization, business and personnel policies of the Group;

– to liaise and consult with other committees of the Board on all matters in relation to the businesses of the Group;

– to do any such things to enable the committee to discharge its powers and functions conferred on it by the Board; and

– to work to the requirements that may from time to time be delegated by the Board or contained in the constitution of the Company.

Remuneration Committee

The members of the Remuneration Committee during the year and as at the date of this report were as follows:

Executive Director
Mr. Lau Ka Ho

Independent non-executive Directors
Mr. Wong Sai Hung *(Chairman)*
Ms. Chan Sze Man

The majority of the Remuneration Committee members are independent non-executive Directors.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure, the remuneration packages of executive Directors and members of senior management (i.e. the model described in the code provision E.1.2(c)(ii) of the CG Code is adopted) and the remuneration of non-executive Directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by the Board with reference to the performance of the individual and the Group as well as market practice and conditions. The Remuneration Committee is also responsible for reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Reporting Period, the Remuneration Committee held one meeting (the attendance records of each committee member are set out in sub-section Directors' Attendance Records above). The Remuneration Committee generally reviewed and discussed the remuneration packages, policy and structure of the Directors and the senior staff of the Group, and recommended to the Board during the year.

Pursuant to code provision E.1.5 of the CG Code, the annual remuneration of the senior management by band for the Reporting Period is set out below:

Remuneration band (HK$)	**Number of individuals**
1,500,001 – 2,000,000	1

Details of the remuneration of the Directors for the Reporting Period are set out in note 13 to the financial statements contained in this annual report.

Nomination Committee

The members of the Nomination Committee during the year and as at the date of this report were as follows:

Executive Director
Mr. Lau Ka Ho

Independent non-executive Directors
Ms. Chan Sze Man *(Chairman)*
Ms. Bu Yanan

The majority of the Nomination Committee members are independent non-executive Directors.

The principal responsibilities of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of the independent non-executive Directors.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the diversity on the Board, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out the selection process when necessary.

The Company also recognises and embraces the benefit of having a diverse Board to enhance the quality of its performance and hence the purpose of the Board diversity. A Board diversity policy (the "Board Diversity Policy") was adopted by the Company. Pursuant to the Board Diversity Policy, the Nomination Committee is responsible for monitoring the implementation of the Board Diversity Policy and assessing the Board composition under diversified perspectives (including but not limited to gender, age, cultural and educational background, or professional experience). The Nomination Committee shall report its findings and make recommendations to the Board, if any. The objectives of the Board Diversity Policy will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

The Nomination Committee will review the Board Diversity Policy annually to ensure its continued effectiveness.

During the Reporting Period, the Nomination Committee held one meeting (the attendance records of each committee member are set out in sub-section Directors' Attendance Records above). The Nomination Committee performed the following major works during the year:

– Review of the structure, size, and diversity of the Board and the Board Diversity Policy, to ensure that the Board's composition complies with the Listing Rules and reflects an appropriate mix of skills, experience, and diversity that are relevant to the company's strategy, governance, and business and contribute to the Board's effectiveness and efficiency;

– Consideration of and recommendation to the Board on the re-election of the retiring Directors at the 2024 AGM; and

– Assessment of the independence of all of the independent non-executive Directors.

Nomination Policy

The Board has adopted a nomination policy (the "Nomination Policy") which sets out the selection criteria and nomination procedures to identify, select and recommend candidates for Directors.

Selection Criteria

When evaluating and selecting candidates for directorships, the members of the Nomination Committee or the Board shall consider the following criteria:

(a) Character and integrity;

(b) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategies;

(c) The Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;

(d) Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;

(e) In case of independent non-executive Directors, whether the candidates would be considered independent in accordance with the Listing Rules;

(f) In case of re-election, the overall contribution and service to the Company of the Director to be re-elected and the level of participation and performance on the Board and the other criteria set out in this section; and

(g) 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 has the discretion to nominate any person, as it considers appropriate.

Nomination Procedures

(a) The Nomination Committee and/or the Board identifies potential candidates including but not limited to internal promotion, re-designation, referral by other members of the management and external recruitment agencies and/or advisors. The Nomination Committee then develops a short list of candidates and agrees on proposed candidate(s);

(b) Proposed candidate(s) will be asked to submit the necessary personal information, biographical details, together with their written consent to be appointed as a Director. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary;

(c) The Nomination Committee shall, upon receipt of the proposal on appointment of new Director and the personal information (or relevant details) of the proposed candidate(s), evaluate such candidate(s) based on the criteria as set out above to determine whether such candidate(s) is qualified for directorship;

(d) For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;

(e) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);

(f) The secretary of the Nomination Committee shall convene a meeting of the Nomination Committee. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidate(s) to stand for re-election or election at a general meeting, the Nomination Committee shall make nominations or recommendations for the Board's consideration and the Board shall make recommendations to Shareholders in respect of the proposed re-election or election of Director(s) at the general meeting;

(g) In order to provide information of the candidates nominated by the Board to stand for election or re-election at a general meeting, a circular will be sent to Shareholders. The circular will set out the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations including the Listing Rules, of the proposed candidate(s); and

(h) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting.

Monitor and Review

The Nomination Committee will monitor the implementation of the Nomination Policy and report to the Board when necessary. Also, the Nomination Committee will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy and will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee also reviewed and considered that the following key features or mechanisms under the Board and governance structure are effective in ensuring that independent views and input are provided to the Board:

Board and Committees' structure

The Board comprises a majority of non-executive Directors during the year. All of our non-executive Directors are independent of and not related to each other.

Non-executive Directors' remuneration

Non-executive Directors receive fixed fee(s) for their role as members of the Board and Board committee(s) as appropriate. Information about the Directors' remuneration is set out in note 13 to financial statements.

Appointment of non-executive Directors

In assessing suitability of the candidates of non-executive Director, the Nomination Committee will review their profiles, including their qualification and time commitment, having regard to the Board's composition, the Directors' skill matrix, the list of selection criteria approved by the Board and the Board Diversity Policy.

Annual review of non-executive Directors' commitment and independence

The Nomination Committee reviews annually each Director's time commitment to the Company's business. Directors' attendance records in 2024 are disclosed in sub-section Directors' Attendance Records above. Non-executive Directors' independence is assessed upon appointment, annually, and at any other time where the circumstances warrant reconsideration.

Professional advice

To facilitate proper discharge of their duties, all Directors are entitled to seek advice from the company secretary of the Company (the "Company Secretary") as well as from independent professional advisers at the Company's expense.

Audit Committee

The members of the Audit Committee during the year and as at the date of this report were as follows:

Independent non-executive Directors
Ms. Chan Sze Man *(Chairman)*
Ms. Bu Yanan
Mr. Wong Sai Hung

All of the members of the Audit Committee are independent non-executive Directors. The chairman of the Audit Committee possesses the appropriate professional qualifications, or accounting or financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

The Audit Committee performed the following major works during the year:

– Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2023, the related accounting principles and practices adopted by the Group and internal controls related matters, and recommendation of the reappointment of the external auditor;

– Review and discussion of the interim financial statements, results announcement and report for the six months ended 30 June 2024, and the related accounting principles and practices adopted by the Group;

– Review of the internal control and risk management matters and internal audit function of the Group, and recommendation to the Board;

– Review of the continuing connected transaction of the Group;

– Discussion of the Company's preparation for publication of the Environmental, Social and Governance Report under the requirements of the "Environmental, Social and Governance Reporting Guide" as set out in Appendix C2 to the Listing Rules; and

– Consideration of appointment of BDO Limited ("BDO") as auditor to fill the vacancy left by the resignation of CCTH CPA Limited ("CCTH") during the year, and recommendation to the Board.

During the Reporting Period, the Audit Committee held 4 meetings (the attendance records of each committee member are set out in sub-section Directors' Attendance Records above).

The external auditor was invited to attend the said meetings to discuss with the Audit Committee on issues arising from the audit and financial reporting matters. Besides, there is no disagreement between the Board and the Audit Committee regarding the re-appointment/appointment of external auditors.

Investment and Credit Committee

The members of the Investment and Credit Committee during the year and as at the date of this report as follows:

Executive Directors
Mr. Lau Ka Ho *(Chairman)*
Mr. Chan Hoi Tik

The Investment and Credit Committee has been delegated by the Board the powers in the oversight of the management of the day-to-day activities of the securities investment operation and the money lending operation of the Group.

During the Reporting Period, the Investment and Credit Committee held 2 meetings (the attendance records of each committee member are set out in sub-section Directors' Attendance Records above). The Investment and Credit Committee performed the following major works during the year:

– to oversee and monitor the activities of the securities investment operation of the Group in securities/bonds/funds listed in Hong Kong or overseas and other investment opportunities; and

– to oversee and monitor the activities of the money lending operation of the Group.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors have acknowledged their responsibilities for preparing the financial statements of the Company for the Reporting Period.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group's risk management and internal control systems have been designed to protect assets from misappropriation and unauthorized transactions and to manage operational risks.

The Board has overall responsibilities for evaluating and determining the nature and extent of the risks (including environmental, social and governance ("ESG") related risks) it is willing to take in achieving the Group's strategic objectives, maintaining sound and effective risk management and internal control systems of the Group (including those for ESG-related risks) on an ongoing basis and reviewing their effectiveness. The Board is also responsible for establishing and maintaining appropriate and effective risk management and internal control systems. The established 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 adopts a complete process of risk management in a functional bottom-up manner, including risk identification, assessment, evaluation and treatment. The functional areas across the Group provide input of risks with treatments, which are appraised and maintained. The risk management system, as well as the internal control system, are continuous, proactive and systematic processes.

The management, in coordination with department heads, in the form of interview and discussion, assessed the likelihood of risk occurrence, ranked these risks according to the likelihood and the severity of the impact on the Group, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management would report to the Audit Committee and the Board on all findings and the effectiveness of the risk management and internal control systems. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems, and makes recommendations.

The Audit Committee also ensures that an overall review of the effectiveness of such systems is conducted at least annually and put forward to the Board for consideration.

During the year under review, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group, covering financial, operational, compliance and risk management aspects of the Group. The systems were considered effective and adequate.

The internal audit function of the Group was carried out by a qualified professional firm appointed by the Board. The effectiveness of the risk management and internal control systems is reviewed by conducting internal audit assignments. Recommendations for major observations of control weaknesses identified from the assignments are communicated to the management in resolving material internal control defects.

The Group is committed to high standards of openness, probity, accountability and good corporate governance in conducting its business. A whistleblowing policy was adopted to provide a clear procedure for staff and other stakeholders including customers or suppliers, in reporting concerns of misconduct, malpractice or impropriety when conducting business related to the Group, in good faith. An anti-corruption code of conduct, which outlines the Group's commitment to zero-tolerance towards any form of corruption, bribery, extortion, fraud and money laundering, is in place to assist employees in recognising circumstance which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly report or seek guidance where necessary. The Audit Committee is responsible for implementation and oversight of the whistleblowing policy and anti-corruption code of conduct. The Board considers that its whistleblowing and anti-corruption practices and policies are fundamental to good corporate governance.

Regarding the handling and dissemination of inside information, the Group has practice policy in place.

Credit Risk Management and Key Internal Controls Related to Margin Financing Business

The Group's has adopted and implemented its credit and risk control policy on securities operation (particularly margin financing business) to define margin loan policy and standard, form a specific and responsible approval authority and strengthen operational efficiency.

Credit Risk Assessment and Mechanism in Determining Loan Terms

When granting new credit facilities or setting credit limit and margin interest rate for a client and reviewing existing credit facilities, the following factors about a margin client should be taken into account:

a. the financial situation of the client, supported by objective proof (such as the monthly statement of bank deposit/monthly statement of securities account/property asset certificate/collateral value as a proof of the total value of the client's assets);

b. any internal and external credit reference information about the client (such as credit history, occupation/background of client, the status of their associated accounts and related loans);

c. the quality of the underlying collateral and any other credit support (including third-party guarantee, deposit record and investment portfolio of the client);

d. the investment objectives, risk appetite and trading patterns of the client (such as trading history, component of client's investment portfolio); and

e. any known events which may reflect adversely on the financial status or default risk of the client.

In addition to the factor as stated above, the Group shall also have regard to its liquidity profile and capital, the risk profile of its margin loan portfolio and the prevailing market conditions in setting credit limits for margin clients and consider the credit risks of all the clients within a group of connected margin clients are aggregated for the purposes of measuring the exposure to the group as a whole and determining the credit limit of each client within the group and the credit limit of the group as a whole.

Risk Management on Collateral

The maximum loan amount that margin client may obtain is calculated in terms of the market value of the securities collateral recognized by Future Growth Financial Services Limited ("FGFS"), our subsidiary licensed to carry out Type 1 (dealing in securities) regulated activities under the Securities and Future Ordinance ("eligible stock(s)"). FGFS formulates a list of eligible stocks for margin financing and determines a financing ratio at a certain percentage for each eligible stock. To determine whether accepting a particular stock as eligible stock and the relevant financial ratio, the following factors are considered:

a. market value and its reasonableness and sustainability of the valuation;

b. price volatility of the stocks concerned;

c. market liquidity;

d. financial position and situation of the issuer of the stocks concerned;

e. any adverse news about the issuer of the stocks concerned or the issuer's management issues;

f. financing ratios of other banks and brokerages.

Index constituents are generally assigned with a higher financing ratio while non-index constituents are generally assigned with a lower financing ratio. The Group does not offer margin financing for some stocks that are classified as high-risk.

Monitoring of Concentration Risk

The Group has set up policies on monitoring concentration risk on individual securities collateral or groups of connected major securities collateral as well as an individual margin client or group of connected margin clients. Concentration limits on securities collateral and margin clients are set. Regular stress tests on liquid capital and liquidity are performed by the compliance team and reviewed by Responsible Officers ("RO(s)").

Monitoring of Margin Account, Loan Repayment and Recovery

Under the supervision of ROs, the designated team shall perform ongoing monitoring and assessment of loan recoverability and loan collection, including checking the past repayment record of the clients, the financial reputation of the client and the diversity of the client's investment portfolio. Dynamical monitoring of the real-time market information of the investment portfolio of the margin clients is performed throughout day-to-day operations. Margin call will be issued to the margin client when the highest marginable level of the client's position falls below client's outstanding loan amount. The client shall, upon receipt of the margin call, deposit additional cash or eligible stock as collateral or sell the securities held to reduce the position.

Forced Sale and Handling of Outstanding Margin Loans

If the margin client does not respond or take appropriate actions to fulfill our request after the margin call and the client's margin loan ratio reaches the level of forced sale designated by FGFS, forced sale of the relevant pledged securities of the client's position in the open market will be executed. If there is still any unsettled amount of margin loan, the Group will contact the margin client for repayment. If the negotiation is not successful or default in the agreed repayment schedule, the Company will consider entrusting a legal financial institution or external legal advisor to take legal actions or other possible recovery actions.

Credit Risk Management and Key Internal Controls Related to Money Lending Business

The Group strives to adhere to a set of comprehensive policy and procedural manual in respect of loan approval, loan renewal, loan recovery, loan compliance, monitoring and anti-money laundering and counter-terrorist financing.

Credit risk assessment of potential borrowers

The Group performs background check and credit risk assessment on the potential borrowers before granting loans to them by (a) conducting searches on their identities and backgrounds; (b) reviewing and assessing their financial information and statements showing the net asset value or income of the potential borrower; and (c) performing an assessment on their credit worthiness.

The overall credit risk assessment of the potential borrower is determined on a case-by-case basis taking into account various factors, including but not limited to, its repayment history, results of public searches on the potential borrower, whether security and/or collateral will be offered as security, the value and location of the assets owned by the potential borrower and the financial condition of the potential borrower. The Group does not require a minimum amount of net asset value, income or other financial benchmark from its potential borrowers, but potential borrowers with lower income and/or net asset value will be assessed as having an overall higher credit risk. Conversely, for potential borrowers who can provide security and/or collateral, the assessed overall credit risk will generally be lower, but whether security and/or collateral will be offered is determined by the potential borrower when they apply for a loan. Furthermore, for corporate potential borrowers, the Group does not require its principal business operation to be in Hong Kong or have a minimum operation history, but potential borrowers who has a principal business operation overseas or a short operation history will be assessed as having an overall higher credit risk. For individual potential borrowers, the Group does not require the potential borrower to be from any particular age group.

Mechanism in determining the terms of new or renewed loans

When determining the terms of a loan (other than the length of the loan term and the security/collateral to be offered, which were determined by the potential customers when they make their loan application), PFH Finance will analyse, among other things, the cost of providing a particular loan, the credit and other business risks of the loan, the expected rate of return of the loan, the general market conditions, the prevailing market interest rates and the interest rates charged by competitors for loan of similar amount and to loan applicant with similar credit worthiness.

The interest rates offered are determined after considering the following factors: (i) the borrower's historical credit record; (ii) the purpose of the loan; (iii) the debt-to-income ratio of the borrower; (iv) the quality and value of the security and/or collateral offered, if any; (v) the risk and return assessment on the particular borrower; and (vi) market interest rate. The interest rate applicable to each loan is determined on a case-by-case basis, which reflect the risk level for the provision of that particular loan and external market factors. For example, the interest rate offered by the Group will be higher if the potential borrower elects for an unsecured loan than if the potential borrower elects to offer security/collateral for a secured loan. Equally, external market factors will also have an impact on the determination of interest rate offered by the Group. For example, in a rising market interest rate environment, the interest rate offered by the Group will generally be higher if the potential borrowers elects for a longer loan term, and in a declining market interest rate environment, the interest rate offered will generally be lower for longer loan term.

Approval procedures for granting/renewing loans

All loan applications together with the credit and risk assessment report will be reviewed and assessed by the management of PFH Finance. If the management considers that the loan applicant has good repayment ability, the loan will be approved. If the management considers the borrower has moderate or borderline repayment ability, but is still within the acceptable risk level, they may still approve the loan application but with a higher interest rate and/or enquire with the potential borrower if security/collateral of higher value can be offered to compensate for the additional risk. If the management considers that the credit risk is beyond the acceptable level, it will reject the loan application.

Monitoring procedures

In order to monitor the risks associated with loans receivable, subsequent repayment records of each loan receivable are closely monitored and will be reviewed every 6 months by the Group.

Loan recovery procedure

In the event of failure to repay interest or principal amount by the due date, the Group would issue overdue payment reminders to the relevant borrower upon non-payment of 7 days, negotiate with the borrower for the repayment or settlement of the loan, and instruct its legal advisers to issue demand letters to borrowers who did not provide a positive response to payment reminders and negotiation after 30 days of issuance of payment reminders. If no positive response is received within 90 days after the demand letter was issued, the case will be reviewed by the management, who shall decide whether to engage external loan collection agents or commence legal proceedings against the borrower.

Compliance procedure

All interest rates for loans granted were determined based on the Group's internal credit policies, which comply with allowable interest rates of loan under the Money Lenders Ordinance (Chapter 163 of Laws of Hong Kong) (the "MLO"). The Group's internal policies also require that all loan agreements are prepared based on the requirements prescribed in section 18 of the MLO and an extract of Part III "Money Lenders Transactions" of the MLO is provided to the borrower upon signing of the loan agreement to inform the borrower on the money lender's duties.

Anti-money laundering ("AML") and counter-terrorist financing ("CTF")

The Group's internal policies in relation to customer due diligence, ongoing monitoring, record-keeping and reporting of suspicious transactions follow the "Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Licensed Money Lenders" (June 2023) published by the Companies Registry. The relevant policies are also in compliance with related AML and CTF legislations in Hong Kong, namely the United Nations Sanctions Ordinance (Chapter 537 of the Laws of Hong Kong), Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong), Drug Trafficking (Recovery of Proceeds) Ordinance (Chapter 405 of the Laws of Hong Kong), Organized and Serious Crimes Ordinance (Chapter 455 of the Laws of Hong Kong) and United Nations (Anti-Terrorism Measures) Ordinance (Chapter 575 of the Laws of Hong Kong).

The Group performs a bankruptcy search on the borrowers who have outstanding loans with the Group every 6 months. If the Group discovers that a borrower has become bankrupt, the Group will fully write off the loan and interest receivables of that borrower.

COMPANY SECRETARY

During the Reporting Period, Mr. Li Kin Ping has taken not less than 15 hours of relevant professional training.

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

With effect from 31 October 2024, CCTH resigned as the auditors of the Company and BDO was appointed as the new auditor of the Company to fill the vacancy left by the resignation of CCTH. Details of the above-mentioned changes are set out in the Company's announcement dated 31 October 2024.

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 December 2024 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to CCTH, the former auditors of the Company, and BDO, the Company's existing auditor, in respect of audit services and non-audit services for the year ended 31 December 2024 are analyzed below:

	Fee paid/payable to	
Type of services provided by the external auditors	**BDO** **HK$**	**CCTH** **HK$**
Audit services:		
– Audit fee for the year ended 31 December 2024	2,000,000	–
Non-audit services:		
– Agreed upon procedures on interim results for the six months ended 30 June 2024	–	318,000
TOTAL:	2,000,000	318,000

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of its corporate information, which enables Shareholders and investors to make the best investment decision.

The Company maintains a website at www.pfh.hk, as a communication platform with Shareholders and investors, where extensive information and updates on the Company's business developments and operations, financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: 17/F., EC Healthcare Tower (Central), Nos. 19-20 Connaught Road Central, Central, Hong Kong
Fax no.: (852) 3892 6001
Email: ir@pfh.hk

Inquiries are dealt with in an informative and timely manner.

Besides, Shareholders' meetings provide an opportunity for communication between the Board and the Shareholders. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by Shareholders.

2024 Annual General Meeting ("2024 AGM")

The company made uses of holding the annual general meeting and other general meeting as the opportunities to establish constructive dialogue with Shareholders. Separate resolutions are proposed on each substantially separate issue, with all resolutions considered in a poll verified by the Company's Hong Kong branch share registrar and transfer office as the scrutineer.

All the executive Directors and the chairman of the Audit Committee and other Board committees then in office on the meeting date, attended the 2024 AGM in person or by electronic means along with key senior executives and the external auditor, and answered questions raised by Shareholders at the meeting.

Key Matters Resolved at the 2024 AGM

- To receive, consider and adopt the 2023 audited consolidated financial statements
- To re-elect Mr. Sze Wine Him Jaime, Ms. Bu Yanan and Mr. Wong Sai Hung as Directors
- To re-appoint CCTH as the Company's auditor

- To give a general mandate to repurchase the Company's shares (not exceeding 10 per cent of the total number of shares in issue)

- To give a general mandate to issue the Company's shares (not exceeding 20 per cent of the total number of shares in issue)

The full texts of the resolutions of 2024 AGM are set out in the notice of the 2024 AGM dated 24 April 2024.

2025 Annual General Meeting ("2025 AGM")

The 2025 AGM will be held on Thursday, 19 June 2025 at 10:00 a.m. at the 2/F, 35-45B Bonham Strand, Sheung Wan, Hong Kong. The notice of the 2025 AGM, which constitutes part of a circular to Shareholders, will be sent together with this annual report. The notice, the circular which sets out details of the business to be conducted at the 2025 AGM, and the proxy form will be available on the websites of the Company and the Stock Exchange. The results of the voting on the proposed resolutions will be published on the websites of the Company and the Stock Exchange shortly after the 2025 AGM is held.

Shareholders Communication Policy

The Company has a Shareholders Communication Policy to provide directions for dissemination of information about the Company to enable Shareholders to engage actively with the Company and exercise their rights as Shareholders in an informed manner. The Board reviews the said policy annually to ensure its effectiveness. Details of the Shareholders Communication Policy are summarized as below:

1. Information of the Company shall be communicated to Shareholders and the investment community mainly through the following communication channels:

   a. Company's publications such as financial reports (interim and annual reports), notices of meeting, listing documents, circulars, proxy forms and other shareholder publications (including any "corporate communication" as defined in the Listing Rules) ("Corporate Communications") as well as results announcements and corporate announcements;

   b. The Company's website; and

   c. Annual general meetings and other general meetings.

2. Effective, equal and timely dissemination of information to Shareholders and the investment community shall be ensured at all times.

3. The Company shall send Corporate Communications by electronic means. Shareholders may make requests to receive printed form of Corporate Communications. Shareholders have the right to choose the language (either English or Chinese) and means of receipt of Corporate Communications (through electronic means or in printed form).

4. The website of the Company (www.pfh.hk) provides information on the Company, including communication to Shareholders. In addition, financial and other reports as well as announcements are available on the Company website.

5. Corporate Communications are posted on the Company website as soon as practicable following their publication on the website of the Stock Exchange (www.hkexnews.hk).

6. The Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and, on poll, vote at meetings for and on their behalf if they are unable to attend the meetings.

7. Board members, appropriate management executives and the external auditor shall attend annual general meetings to answer Shareholders' questions.

8. Shareholders may, at any time, direct questions, request for publicly available information and provide comments and suggestions to Directors or management of the Company. Such questions, requests and comments will be addressed to the Company Secretary.

9. Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar and transfer office in Union Registrars Limited.

Having considered the multiple channels of communication in place and shareholders' communication activities conducted, the Board is satisfied that the Shareholders Communication Policy has been properly implemented during 2024 and is effective.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. The Company's Shareholders may convene an extraordinary general meeting or put forward proposals at Shareholders' meetings as follows:

(1) Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting pursuant to Article 58 of the Articles of Association by sending a written requisition to the Board or the Company Secretary at the Company's head office/principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.

(2) If a Shareholder wishes to propose a person other than a retiring Director for election as the Director at a general meeting, pursuant to Article 85 of the Articles of Association, the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the Shareholder, of his/her/its intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's head office/principal place of business in Hong Kong, or the office of the Company's branch share registrar. The period for lodgement of such notices shall commence on the day after the dispatch of the notice of such general meeting and end 14 days prior to the date of such general meeting.

For the avoidance of doubt, Shareholder(s) must provide their full name, contact details and identification, in the original signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of Shareholder(s) may be disclosed as required by laws.

Shareholders may refer to the Articles of Association for further details of the rights of Shareholders. An up-to-date version of the Articles of Association is available on the websites of the Company and the Stock Exchange.

All resolutions put forward at shareholders' meetings shall be voted by poll pursuant to the Listing Rules. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.pfh.hk) after each Shareholders' meeting.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, there had been no significant change in the Company's constitutional documents. The Articles of Association are available on the websites of the Stock Exchange and the Company.

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2024 (the "Reporting Period").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the provision of food and beverage services, provision of financial business, properties holding and investment holding.

BUSINESS REVIEW

The business review required under Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's performance during the year using financial key performance indicators and an indication of likely future development in the Group's business, is set out in the "Management Discussion and Analysis" on pages 4 to 14 of this annual report. This discussion forms part of this "Report of the Directors".

FINANCIAL STATEMENTS

The Group's loss for the Reporting Period and the Group's financial position at that date are set out in the financial statements on pages 58 to 176 of this annual report.

SHARE CAPITAL

Details of the Company's share capital are set out in note 36 to the financial statements.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend to the Shareholders of the Company for the Reporting Period.

SUMMARY FINANCIAL INFORMATION

A summary of the financial information of the Group for the last five financial years is set out on page 177 of this annual report. This summary does not form part of the audited financial statements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 13 June 2025 to Thursday, 19 June 2025 (both days inclusive) for the purpose of determining the right to attend and vote at the 2025 AGM to be held on Thursday, 19 June 2025. In order to be entitled to attend and vote at the 2025 AGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied with the corresponding share certificates are lodged with the Company's branch share registrar and transfer office (i.e. Union Registrars Limited) at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Thursday, 12 June 2025.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Company is incorporated in the Cayman Islands while most of the Group's operations are performed in Hong Kong and the Company is listed on the Stock Exchange. During the Reporting Period, as far as the Board is aware, there was no material breach of or non-compliance with the applicable laws and regulations that have a significant impact on the Group's business and operation by the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

There are certain risks and uncertainties that the Group faces during its operation. Such risks and uncertainties include factors such as global economic conditions, changes relating to laws and regulations and enforcement policies, and the procurement price and supply. The section titled "Management Discussion and Analysis" in this annual report contains an overview of the Group's business during the year, including a discussion of the principal risks and uncertainties the Group faced, specifics of important events affecting the Group during the year, and an indication of likely future developments in the Group's business. While these risks continue to exist, the Group will closely monitor any signs of these occurrences and all departments of the Group will be involved in identifying and evaluating risks relating to their operational scope. Subsequently, appropriate plans will be devised to minimize the impacts derived from risks and uncertainties confronting the operation of the Group.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company attaches great importance to environmental protection and resource conservation, and continuously pays attention to the impact of its business operations on the environment. For details of the Company's environmental policies and performance, please refer to the separate ESG Report published at the same time as the publication of this annual report on the websites of the Company and the Stock Exchange.

DISTRIBUTABLE RESERVES

The Company's share premium account, in the amount of HK$704,392,000, may be distributed 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 and when they fall due in the ordinary course of business. As at 31 December 2024, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately HK$168,215,000.

DIVIDEND POLICY

Under the dividend policy, provided the Group is profitable and without affecting the normal operations of the Group, the Company may consider to declare and pay dividends to the Shareholders.

In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia:

(i) the general financial condition of the Group;

(ii) capital and debt level of the Group;

(iii) future cash requirements and availability for business operations, business strategies and future development needs;

(iv) any restrictions on payment of dividends that may be imposed by the Group's lenders;

(v) the general market conditions; and

(vi) any other factors that the Board deems appropriate.

The payment of the dividend by the Company is also subject to any restrictions under the Companies Law of the Cayman Islands and the Articles of Association of the Company. The dividend policy will continue to be reviewed from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, sales to the Group's five largest customers accounted for 20% of the total sales for the year, and the sales to the Group's largest customer accounted for 6% of the total sales for the year. Purchases from the Group's five largest suppliers accounted for 23% of the total purchases for the year, and the purchases from the largest supplier accounted for 7% of the total purchases for the year.

None of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors, own more than 5% of the Company's number of issued shares (excluding treasury shares)) had any beneficial interest in the Group's five largest customers or suppliers.

RELATIONSHIPS WITH KEY STAKEHOLDERS

Employees

The Group regards the personal development of its employees as highly important and strives to motivate its employees with a clear career path and opportunities for advancement and improvement of their skills. For details, please refer to the section headed "Employees and Remuneration" in the "Management Discussion and Analysis".

The Company values diversity and inclusion within the workforce and make every effort to attract and retain women. 46% of total workforce (including Directors and/or the senior management) of the Group were female and 54% of total workforce (including Directors and/or the senior management) of the Group were male.

Customers

The Group has strengthened relationships with the existing customers while cultivating relationships with potential customers and has established long-term co-operation relationships with many customers. Our sales team visit customers' offices or arrange face-to-face meetings to approach or keep contact with them and understand their needs and expectations.

Suppliers

The Group has developed long-standing co-operation relationships with the Group's vendors and taken great care to ensure that they can share our commitment to product quality and morality. The Group carefully selected suppliers and required them to satisfy certain assessment criteria, including track records, experience, financial strength, reputation, ability to produce high-quality products and quality control effectiveness. The Group was not aware of any misconducts in terms of business ethics, environmental protection and labour practice of our key suppliers during the year.

DONATIONS

Donations made by the Group during the Reporting Period was nil.

DIRECTORS

The Directors during the year and as at the date of this report were as follows:

Executive Directors

Mr. Lau Ka Ho
Mr. Chan Hoi Tik

Non-executive Director

Mr. Sze Wine Him Jaime

Independent Non-executive Directors

Ms. Chan Sze Man
Ms. Bu Yanan
Mr. Wong Sai Hung

Pursuant to Article 84 of the Articles of Association, Mr. Lau Ka Ho and Mr. Chan Hoi Tik will retire from office as Directors by rotation at the 2025 AGM. Ms. Chan Sze Man, who joined the Company since 20 September 2016, would have been serving as an independent non-executive Director for more than 9 years and a separate ordinary resolution will be proposed at the AGM to re-elect Ms. Chan Sze Man as independent non-executive Director, pursuant to code provision B.2.3 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules. All of the above three retiring Directors are eligible for re-election at the 2025 AGM.

It is noted that Mr. Lau Ka Ho, Mr. Chan Hoi Tik and Ms. Chan Sze Man will offer themselves for re-election at the 2025 AGM.

DIRECTORS BIOGRAPHIES

Biographical details of the Directors are set out on pages 15 to 16 of this annual report.

SERVICE CONTRACTS OF DIRECTORS

Each of the executive Directors and the non-executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than one month or three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a service contract with the Company for a term of three years, which may be terminated by not less than one month's notice in writing served by either party on the other.

There was no service contract entered into by the Company and any Directors to be re-elected in the forthcoming annual general meeting which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

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

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Other than those transactions disclosed in note 43 to the financial statements and in the section headed "Continuing Connected Transaction" below, none of Directors or their connected entities had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party or subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, none of the Directors is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

EQUITY-LINKED AGREEMENTS

Other than the 2011 Share Option Scheme and 2021 Share Option Scheme of the Company (the "Share Option Schemes") as disclosed under section headed "Share Option Schemes" of this report, no equity-linked agreements that will or may result in the Company issuing shares were entered into by the Company during the year and subsisted at the end of the year.

SHARE OPTION SCHEMES

On 22 June 2011, the Company operated a share option scheme (the "2011 Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group. The 2011 Share Option Scheme had a life of 10 years and was expired on 21 June 2021 such that no further options shall thereafter be granted under the 2011 Share Option Scheme but the options, which had been granted during its life, shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects the provisions of the 2011 Share Option Scheme shall remain in full force and effect. A new share option scheme was adopted by the Shareholders at the annual general meeting of the Company on 25 June 2021 (the "2021 Share Option Scheme"). The 2021 Share Option Scheme has a life of 10 years and no options were granted since the date of its adoption.

Details of the Share Option Schemes are disclosed in note 37 to the financial statements.

As at the date of this annual report, the total number of shares of the Company available for issue under the 2021 Share Option Scheme upon exercise of all outstanding share options granted was 191,212,300 shares, representing approximately 8.68% of the number of issued shares of the Company.

The following table discloses movements of the Company's share options, granted under the 2011 Share Option Scheme, during the Reporting Period:

Name or category of participants	Date of grant *(Note 1)*	Exercise price per share *(HK$)*	Number of options: Outstanding as at 1 January 2024	Granted during the year	Exercised during the year	Cancelled during the year	Forfeited/ lapsed during the year	Outstanding as at 31 December 2024	Exercise period *(Note 2)*
Executive Director									
Mr. Chan Hoi Tik	22 January 2021	0.084	18,000,000	–	–	–	–	18,000,000	J
Former Directors	26 September 2014	1.83	3,040,000	–	–	–	3,040,000	–	A
			2,280,000	–	–	–	2,280,000	–	B
			2,280,000	–	–	–	2,280,000	–	C
			7,600,000	–	–	–	7,600,000	–	
	18 January 2016	0.81	4,440,000	–	–	–	–	4,440,000	D
			3,330,000	–	–	–	–	3,330,000	E
			3,330,000	–	–	–	–	3,330,000	F
			11,100,000	–	–	–	–	11,100,000	
Sub-total			*18,700,000*	–	–	–	*7,600,000*	*11,100,000*	
Total for Directors			**36,700,000**	**–**	**–**	**–**	**7,600,000**	**29,100,000**	
Distributors of the Group in aggregate	20 January 2016	0.81	3,880,000	–	–	–	–	3,880,000	G
			2,910,000	–	–	–	–	2,910,000	H
			2,910,000	–	–	–	–	2,910,000	I
Total for distributors			**9,700,000**	**–**	**–**	**–**	**–**	**9,700,000**	
TOTAL			**46,400,000**	**–**	**–**	**–**	**7,600,000**	**38,800,000**	

Notes:

1. The closing prices of the Company's shares immediately before the dates of grant on 26 September 2014, 18 January 2016, 20 January 2016 and 22 January 2021 were HK$1.86, HK$0.64, HK$0.67 and HK$0.083, respectively.

2. The respective exercise periods of the share options granted are as follows:

   A: From 26 September 2015 to 25 September 2024
   B: From 26 September 2016 to 25 September 2024
   C: From 26 September 2017 to 25 September 2024
   D: From 18 January 2017 to 27 December 2025
   E: From 18 January 2018 to 27 December 2025
   F: From 18 January 2019 to 27 December 2025
   G: From 20 January 2017 to 27 December 2025
   H: From 20 January 2018 to 27 December 2025
   I: From 20 January 2019 to 27 December 2025
   J: From 22 January 2021 to 21 January 2031

   The vesting period of the share options is from the date of grant until the commencement of the exercise period.

3. The number and/or exercise price of the options may be subject to adjustments in the case of rights or bonus issues, or other changes in the Company's share capital.

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

As at 31 December 2024, the interests of the Directors in the shares and underlying shares of the Company, which were required, pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code", Appendix C3 to the Listing Rules), to be notified to the Company and the Stock Exchange, were as follows:

A. Long positions in the ordinary shares of the Company

Name of Director	Nature of interests	Number of ordinary shares interested	Percentage+ of the Company issued share capital
Mr. Lau Ka Ho	Beneficial owner	18,000,000	0.81%

+ The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 31 December 2024 (i.e. 2,203,361,000 shares).

B. Long positions in the underlying shares of the Company (physically settled unlisted equity derivatives) – share options

Name of Director	Nature of interests	Number of underlying shares interested	Percentage+ of underlying shares over the Company's issued share capital
Mr. Chan Hoi Tik	Beneficial owner	18,000,000	0.81%

\+ The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 31 December 2024 (i.e. 2,203,361,000 shares).

Save as disclosed above and in the above section headed "Share Option Schemes", as at 31 December 2024, none of the Directors or chief executive of the Company had registered an interest or a short position in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the ordinary shares of the Company

Name of substantial Shareholders	Nature of interests	Number of ordinary shares interested	Percentage+ of the Company's issued share capital
Golden Sparkle Limited	Beneficial owner *(Note)*	552,489,500	25.07%
Mr. Lai Wai Lam Ricky	Interest of controlled corporation *(Note)*	552,489,500	25.07%

Note:

These shares were held by Golden Sparkle Limited, a controlled corporation of Mr. Lai Wai Lam Ricky. Accordingly, Mr. Lai Wai Lam Ricky was deemed to be interested in these shares pursuant to Part XV of the SFO.

\+ The percentage represents the number of shares interested divided by the number of the Company's issued shares as at 31 December 2024 (i.e. 2,203,361,000 shares).

Save as disclosed above and in the above section headed "Share Option Schemes", as at 31 December 2024, no person had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

CONTINUING CONNECTED TRANSACTION

During the year, the Group has not entered into any continuing connected transaction that is not exempted under the Listing Rules. The Directors have confirmed that the Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

As set out in note 43 to financial statements contained in this annual report, certain related party transactions for the Reporting Period also constituted connected transactions of the Group. As confirmed by the Directors of the Company, such connected transactions were fully exempted from the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A.76(1) of the Listing Rules. The Directors have confirmed that the Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' REMUNERATION

The Remuneration Committee considers and recommends to the Board the remuneration and other benefits paid by the Company to its Directors. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. Details of Directors' remuneration are set out in note 13 to financial statements.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Apart from the Company's Share Option Schemes, neither at the end of nor at any time during the year there subsisted any arrangement to which the Company or any of its subsidiaries was a party and the object or one of the objects of such arrangement are/is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other corporate body.

CONTRACT OF SIGNIFICANCE

Except for set out in the note 43 to financial statements, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling Shareholders or any of its subsidiaries during the year.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefit of the Directors and its related companies is currently in force and were in force throughout the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, the Company exercised its powers under the general mandate to repurchase the shares granted by the Shareholders to the Board at the annual general meeting of the Company held on 23 June 2023, and repurchased a total of 59,762,000 shares (among which 32,829,000 shares were cancelled on 29 February 2024 and 26,933,000 shares were cancelled on 25 June 2024) on the Stock Exchange at an aggregate consideration of HK$3,697,100. As at 31 December 2024, the total number of shares of the Company in issue was 2,203,361,000.

Details of the repurchase of shares on a monthly basis during the Reporting Period are summarized as follows:

Month	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate consideration
		HK$	HK$	HK$
January 2024	32,829,000	0.055	0.026	1,561,089
April 2024	5,030,000	0.080	0.071	383,070
May 2024	14,903,000	0.080	0.074	1,185,276
June 2024	7,000,000	0.082	0.079	567,665

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period. As at 31 December 2024, there were no treasury shares held by the Company.

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 number of issued shares were held by the public as at the date of this annual report.

PRE-EMPTIVE RIGHTS

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

AUDIT COMMITTEE

The Audit Committee of the Company, comprising the Company's three independent non-executive Directors, has reviewed the consolidated financial statements of the Group for the Reporting Period, and discussed with the management and the auditor of the Company, BDO Limited ("BDO"), on the accounting principles and practices, financial reporting process, internal control adopted by the Group, with no disagreement by the Audit Committee of the Company.

AUDITOR

CCTH CPA Limited resigned as auditors of the Company on 31 October 2024 and had not commenced any audit work on the consolidated financial statements of the Company for the year ended 31 December 2024.

BDO was appointed as auditor of the Company on 31 October 2024 and the consolidated financial statements for the year ended 31 December 2024 were audited by BDO. BDO will retire at the 2025 AGM and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of BDO as auditor of the Company will be proposed at the 2025 AGM.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

There are no significant events subsequent to 31 December 2024 which would materially affect the Group's operating and financial performance as of the date of this annual report.

ON BEHALF OF THE BOARD
Lau Ka Ho
Chief Executive Officer and Executive Director

28 March 2025

INDEPENDENT AUDITOR'S REPORT

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

香港干諾道中111號
永安中心25樓

To the shareholders of Prosperous Future Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Prosperous Future Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 58 to 176, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS OF OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (continued)

Valuation of investment properties

As at 31 December 2024, the Group had investment properties with the carrying amount of approximately HK$41,000,000.

All of the Group's investment properties are carried at fair value. The fair value valuations, which were carried out by an external professional valuer, are based on investment method that involve management's significant judgment of unobservable inputs. Details of the valuation techniques and significant unobservable inputs used in the valuations are disclosed in note 18 to the consolidated financial statements.

We focused on the valuation of investment properties as a key audit matter due to the significance of the carrying amount to the consolidated financial statements as a whole, combined with the significant judgments associated in the determination of the fair value.

Our response:

– We evaluated the independence, competence, capabilities and objectivity of the external professional valuer;

– We obtained an understanding of the valuation process and techniques adopted by the external professional valuer to assess if they are consistent with industry norms; and

– We made enquiry of the external professional valuer to assess the reasonableness of the significant unobservable inputs and validating the accuracy of the source data adopted by the management and the external professional valuer by comparing them, on a sample basis, to where relevant, publicly available information of similar comparable properties and our understanding of the real estate market.

KEY AUDIT MATTERS (continued)

Recoverability of trade receivables

As at 31 December 2024, the Group had trade receivables with a total carrying amount of approximately HK$69,957,000, of which accumulated impairment losses amounting to approximately HK$1,513,000 has been made.

Evaluation of the recoverability of trade receivables involved management judgment in assessing the allowance for doubtful debts for individual receivables. The ability of the debtors to repay the Group depends on customer-specific and market conditions which involve inherent uncertainty.

We have identified impairment assessment of trade receivables as a key audit matter due to the magnitude of the receivables and the estimation and judgments involved in the determination of the recoverable amounts of these receivables.

Our response:

– We obtained an understanding of the design, implementation and operating effectiveness of management's internal controls relating to credit control, debt collection and making provisions for doubtful debts.

– We assessed the classification and accuracy of individual balances in receivables ageing report by testing the underlying invoices on a sample basis.

– We assessed the appropriateness of the expected credit loss positioning methodology, by examining the key input data on a sample basis, to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit loss.

– We checked data input to supporting documents in determining the expected credit loss.

– We read and assessed the disclosures made in the consolidated financial statements.

KEY AUDIT MATTERS (continued)

Impairment assessment of goodwill

As at 31 December 2024, the Group had goodwill with a total carrying amount of HK$40,781,000, of which accumulated impairment losses amounting to approximately HK$7,532,000 has been made.

In determining the amount of impairment loss for goodwill, the recoverable amount, which is the value in use of the cash-generating unit ("CGU") to which goodwill has been allocated, was estimated by reference to the business valuations of the CGUs performed by an external professional valuer. The value in use is based on cash flow forecast of the CGU and takes into account the key assumptions used by management, including discount rate, growth rate, budgeted sales and gross margin.

We identified the impairment assessment of goodwill as a key audit matter due to the significant judgments and assumptions used in the estimation of the recoverable amounts of the relevant CGUs and the calculation of the impairment losses.

Our response:

– We obtained an understanding on how the management perform impairment assessment including the preparation of cash flow forecast and assumptions estimation;

– We evaluated the external professional valuer's independence, competence, capabilities and objectivity;

– We evaluated the appropriateness of the key assumptions in the cash flow forecast, including growth rate, gross profit margin and inflation, by discussing with the management and the external professional valuer with reference to their expectations for market development and comparing with the historical financial performance available;

– We performed arithmetical checking on the business valuations of the CGUs performed by the external professional valuer; and

– We assessed the appropriateness of the discount rate used on impairment assessment and assessing the impact on the value in use.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2024.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's 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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our 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.

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

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.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 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 work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

From the matters communicated with the directors, 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.

BDO Limited
Certified Public Accountants
Lau Kin Tat, Terry
Practising Certificate no. P07676

Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Continuing operations			
Revenue	5	**508,478**	517,429
Cost of sales		**(377,934)**	(399,278)
Gross profit		**130,544**	118,151
Other income and gains	7	**16,357**	11,982
Loss on change in fair value of investment properties	18	**(9,700)**	(1,550)
Selling and distribution expenses		**(41,127)**	(37,811)
Administrative expenses		**(134,800)**	(106,491)
Other expenses	8	**(12,454)**	(14,436)
Finance costs	9	**(682)**	(828)
Share of profits of associates	21	**673**	–
Loss before tax	10	**(51,189)**	(30,983)
Income tax expense	11	**(5,197)**	(4,067)
Loss for the year from continuing operations		**(56,386)**	(35,050)
Discontinued operations			
Profit for the year from discontinued operations	12	**–**	573
Loss for the year		**(56,386)**	(34,477)
Loss for the year attributable to equity holders of the Company		**(53,728)**	(38,748)
(Loss)/profit for the year attributable to non-controlling interests		**(2,658)**	4,271
Loss for the year		**(56,386)**	(34,477)
Other comprehensive income			
Item that will not be reclassified to profit or loss in subsequent periods:			
Gain on change in fair value of financial assets at fair value through other comprehensive income		**152,613**	13,404
		152,613	13,404

	Notes	**2024** **HK$'000**	2023 HK$'000
Total other comprehensive income for the year		**152,613**	13,404
Total comprehensive income/(expense) for the year		**96,227**	(21,073)
Total comprehensive income/(expense) for the year attributable to equity holders of the Company		**98,885**	(25,344)
Total comprehensive (expense)/income for the year attributable to non-controlling interests		**(2,658)**	4,271
Total comprehensive income/(expense) for the year		**96,227**	(21,073)

	Notes	**2024** **HK$ cents**	2023 HK$ cents
Loss per share from continuing and discontinued operations	15		
Basic		**(2.42)**	(1.70)
Diluted		**(2.42)**	(1.70)

	Notes	**2024** **HK$ cents**	2023 HK$ cents
Loss per share from continuing operations	15		
Basic		**(2.42)**	(1.52)
Diluted		**(2.42)**	(1.52)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**1,482**	2,944
Right-of-use assets	17	**6,314**	13,061
Investment properties	18	**41,000**	50,700
Properties for development	19	**–**	62,000
Goodwill	20	**40,781**	40,781
Interests in associates	21	**7,693**	–
Financial assets at fair value through other comprehensive income	22	**183,494**	30,882
Deferred tax assets	35	**874**	2,488
Prepayments, deposits and other receivables	26	**57,675**	33,723
		339,313	236,579
CURRENT ASSETS			
Inventories	23	**37,568**	42,704
Loan and interest receivables	24	**–**	–
Trade receivables	25	**69,957**	81,666
Prepayments, deposits and other receivables	26	**25,277**	42,165
Contract assets	27	**–**	751
Cash held on behalf of clients	29	**223,522**	48,617
Cash and bank balances	28	**389,388**	358,310
		745,712	574,213
CURRENT LIABILITIES			
Trade payables	30	**335,483**	123,327
Other payables and accruals	31	**38,638**	30,489
Bank borrowings	32	**–**	6,862
Amounts due to non-controlling interests	33	**–**	1,083
Lease liabilities	34	**6,848**	7,698
Income tax payable		**4,040**	1,272
		385,009	170,731
NET CURRENT ASSETS		**360,703**	403,482
TOTAL ASSETS LESS CURRENT LIABILITIES		**700,016**	640,061

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	34	**3,064**	6,334
Deferred tax liabilities	35	**–**	44
		3,064	6,378
NET ASSETS		**696,952**	633,683
EQUITY			
Share capital	36	**22,034**	22,741
Reserves	38	**672,721**	576,826
Equity attributable to equity holders of the Company		**694,755**	599,567
Non-controlling interests		**2,197**	34,116
TOTAL EQUITY		**696,952**	633,683

The consolidated financial statements on pages 58 to 176 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

Lau Ka Ho
Director

Chan Hoi Tik
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company										
	Share capital HK$'000	Treasury shares HK$'000	Share premium HK$'000	Share option reserve HK$'000	Capital reserve HK$'000	Fair value through other comprehensive income ("FVTOCI") revaluation reserve HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2024	22,741	(323)	707,705	13,077	13	(110,068)	20	(33,598)	599,567	34,116	633,683
Loss for the year	–	–	–	–	–	–	–	(53,728)	(53,728)	(2,658)	(56,386)
Other comprehensive income											
Gain on change in fair value of financial assets at FVTOCI, net of tax	–	–	–	–	–	152,613	–	–	152,613	–	152,613
Total comprehensive income/(expense) for the year	–	–	–	–	–	152,613	–	(53,728)	98,885	(2,658)	96,227
Dividend paid to non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	–	(4,250)	(4,250)
Transferred to retained profits on disposal of financial assets at FVTOCI	–	–	–	–	–	7	–	(7)	–	–	–
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(25,011)	(25,011)
Lapsed of share options (note 37)	–	–	–	(5,466)	–	–	–	5,466	–	–	–
Repurchase of shares	–	(3,697)	–	–	–	–	–	–	(3,697)	–	(3,697)
Cancellation of treasury shares	(707)	4,020	(3,313)	–	–	–	–	–	–	–	–
At 31 December 2024	22,034	–	704,392	7,611	13	42,552	20	(81,867)	694,755	2,197	696,952

	Attributable to equity holders of the Company										
	Share capital HK$'000	Treasury shares HK$'000	Share premium HK$'000	Share option reserve HK$'000	Capital reserve HK$'000	FVTOCI revaluation reserve HK$'000	Capital redemption reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	22,741	–	707,705	13,077	13	(123,472)	20	5,150	625,234	33,916	659,150
Loss for the year	–	–	–	–	–	–	–	(38,748)	(38,748)	4,271	(34,477)
Other comprehensive income											
Gain on change in fair value of financial assets at FVTOCI, net of tax	–	–	–	–	–	13,404	–	–	13,404	–	13,404
Total comprehensive income/(expense) for the year	–	–	–	–	–	13,404	–	(38,748)	(25,344)	4,271	(21,073)
Dividend paid to non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	–	(3,542)	(3,542)
Disposal of subsidiary	–	–	–	–	–	–	–	–	–	(529)	(529)
Acquisition of treasury shares (note 36)	–	(323)	–	–	–	–	–	–	(323)	–	(323)
At 31 December 2023	22,741	(323)	707,705	13,077	13	(110,068)	20	(33,598)	599,567	34,116	633,683

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax			
– Continuing operations		**(51,189)**	(30,983)
– Discontinued operations		**–**	573
		(51,189)	(30,410)
Adjustments for:			
Finance costs		**682**	975
Interest income from bank deposits	7	**(6,697)**	(7,546)
Dividend income from equity investment	7	**(58)**	–
Gain on disposal of subsidiaries	39	**(1,874)**	(1,061)
Loss on disposal of property, plant and equipment, net		**–**	105
Depreciation of property, plant and equipment	16	**1,579**	1,912
Depreciation of right-of-use assets	17	**8,057**	8,557
Loss on changes in fair value of investment properties	18	**9,700**	1,550
Impairment loss on properties for development	19	**9,200**	7,000
Reversal of impairment loss on trade receivables arising from other business, net	25	**(1,240)**	(982)
Impairment loss on trade receivable arising from margin clients	8	**206**	7,152
Impairment loss on property, plant and equipment	16	**15**	–
Impairment loss on right-of-use assets	17	**3,033**	–
Share of profits from associates	21	**(673)**	–
Reversal of impairment loss on loan and interest receivables	7	**(757)**	(1,536)
Operating cash flows before movements in working capital		**(30,016)**	(14,284)
Decrease/(increase) in inventories		**5,136**	(2,610)
Decrease in loan and interest receivables		**757**	4,038
Decrease in trade receivables		**12,743**	48,250
Increase in prepayments, deposits and other receivables		**(4,081)**	(20,057)
Decrease in contract assets		**751**	3,046
(Increase)/decrease in cash held on behalf of clients		**(174,905)**	112,653
Increase/(decrease) in trade payables		**212,240**	(47,391)
Increase/(decrease) in other payables and accruals		**9,708**	(13,529)
Decrease in amounts due to non-controlling interests		**(1,083)**	(2,835)
Cash generated from operations		**31,250**	67,281
Interest paid	40	**(1,546)**	(165)
Income tax paid		**(872)**	(6,329)
Net cash generated from operating activities		**28,832**	60,787

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	16	**(132)**	(906)
Acquisition of investments in associates	21	**(7,020)**	–
Proceeds from sale of financial assets at FVTOCI		**18**	–
Payment for purchase of financial assets at FVTOCI		**(17)**	–
Net cash inflow from disposal of subsidiaries	39	**27,000**	129
Decrease in pledged bank deposits		**–**	3,000
Bank interest income received		**6,697**	7,546
Dividend income from equity instrument		**58**	–
Net cash from investing activities		**26,604**	9,769
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities	40	**(8,463)**	(9,107)
Drawdown of bank loans		**–**	11,773
Repayment of bank loans	40	**(7,268)**	(18,141)
Payment of dividend to non-controlling interests		**(4,250)**	(3,542)
Interest paid	40	**(680)**	–
Purchase of treasury shares		**(3,697)**	(323)
Net cash used in financing activities		**(24,358)**	(19,340)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**31,078**	51,216
Cash and cash equivalents at beginning of the year		**358,310**	307,094
Cash and cash equivalents at the end of the year		**389,388**	358,310
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**389,388**	358,310

1. GENERAL INFORMATION

Prosperous Future Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business in Hong Kong is located at 17/F., EC Healthcare Tower (Central), Nos. 19-20 Connaught Road Central, Central, Hong Kong.

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in the provision of food and beverage services, provision of financial business, properties holding and investment holding.

During the year ended 31 December 2023, the Group discontinued its operation in temperature-controlled storage and ancillary services (the "Discontinued Operations"). Details are set out in note 12.

On 20 November 2024, the Group has disposed the 100% equity interest of Apex Magic International Limited and its subsidiaries (together "Apex Group"), which is wholly-owned subsidiary of the Group and the sales loan of a total sum of approximately HK$294,000 at the consideration of HK$27,000,000.

After the disposal of the shares of Apex Group, the Group no longer holds any shares in Apex Group. The disposal of the shares is accounted for disposal of subsidiaries. Details of the aforementioned disposal of shares of Apex Group are set out in note 39(a) to the consolidated financial statements.

Other than the aforementioned transactions, there was no other significant change in the Group's operations during the year ended 31 December 2024.

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standard Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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

2.1 Impacts on application of Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to IAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

In addition, IFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by IAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The Group has provided additional disclosures related to the amendments in note 32, note 40 and note 45 to the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (continued)

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

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

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture[1]
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

Statement of compliance

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

Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Basis of preparation

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

Historical cost is generally based on the fair value of the consideration given in exchange 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. In estimating the fair value of an asset or a liability, 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. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are within the scope of IFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.1 Basis of preparation of consolidated financial statements (continued)

Basis of preparation (continued)

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.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, based on the degree to which the inputs to the fair value measurements are observable and the significance of the input to the fair value measurement in its entirety, which are described as follows:

– Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

– Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the degree to which the inputs to the fair value measurements are observable and the significance of the input to the fair value measurement in its entirety) at the end of each reporting period.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information

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. Control is achieved when the Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Group, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Basis of consolidation (continued)

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

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 previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (that is, reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). 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 IFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business 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.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. 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. 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 the 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. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash–generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associates' accounting policies to those of the Group. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associate other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Property, plant and equipment

Property, plant and equipment include buildings held for use in the production or for administrative purposes. Property, plant and equipment are carried in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Property, plant and equipment in the course of supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sale proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of IAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 their 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 property is classified as property, plant and equipment.

Depreciation is recognised 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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Investment properties

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

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

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

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Properties for development

Properties for development is carried at cost less any impairment losses. Cost of the properties includes purchase consideration and other attributable costs of acquisition.

Properties for development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties for development are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties for development are transferred to properties for sale upon completion.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation 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 accumulated impairment losses.

Derecognition of intangible assets

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

Impairment of non-financial assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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. The recoverable amount of tangible and intangible assets is 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. In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Impairment of non-financial assets other than goodwill (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 a 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 a 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 in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are carried at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments

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

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

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

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

Financial assets

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

- the contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

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

Financial assets are classified as at FVTPL when the financial asset is held for trading or it is designated as at FVTPL. A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

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

(i) Amortised cost and interest income

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income ("OCI") and accumulated in the FVTOCI revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on the disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive 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" line item in profit or loss.

Impairment of financial assets

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

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

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when 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 increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

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

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

- 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 example, a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (that is, 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. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive; discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the below basis:

- Nature of financial instruments (that is, the Group's trade and other receivables are each assessed as a separate group. Loans receivable are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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.

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 FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity instruments

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

Equity instruments

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

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

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

Financial liabilities, including trade payables, other payables and accruals, bank borrowings, and amount due to non-controlling interest, are subsequently measured at amortised cost, using the effective interest method.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

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 net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition of financial liabilities

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

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in IFRS 9 on modification of a financial asset or a financial liability (see accounting policy above) to the additional changes to which the practical expedient does not apply.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; 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.

Income from food and beverage business represents sales of frozen food and beverage products which is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers, being when the goods have been delivered to the customers.

Income from provision of professional services mainly includes (i) services rendered for fund set up is recognised over time in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided, (ii) fund administration and consultancy services which are recognised over time based on contractual terms specified in the underlying agreements, as the customer simultaneously receives and consumes the benefit provided by the Group as the Group performs and revenue can be measured reliably and (iii) other corporate services which are recognised at a point in time when the services for the transactions are completed under the terms of each engagement, as only at that time the Group has a present right to payment from the customers for the service performed.

Income from the provision of services regarding dealing in securities and futures contracts is recognised at a point in time on a trade date basis when the relevant transactions are executed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Revenue from contracts with customers (continued)

Income from asset management and advising on securities services is recognised on an over time based on contractual terms specified in the underlying agreements, as the customer simultaneously receives and consumes the benefit providing by the Group performs and revenue can be measured reliably.

Income from credit card transactions is recognised at a point in time when the Group satisfied its performance obligation in providing the promised services to the customer (i.e. completion of the transactions), and are recognised based on contractual rates agreed with customers.

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 IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, that is, only the passage of time is required before payment of that consideration is due.

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

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

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts.

The stand-alone selling price of the distinct goods or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell promised goods or services separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it by using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (that is, the Group is a principal) or to arrange for those goods or services to be provided by the other party (that is, the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Principal versus agent (continued)

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Government grants

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

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

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for leases of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets

The cost of a right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the estimated useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and are included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments includes:

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

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessee (continued)

Lease liabilities (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

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 leases 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 as 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.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessor

Classification and measurement of leases

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 incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss 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 such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments for operating leases that depend on an index or a rate are estimated and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise. When a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the specific clause is accounted for as part of the original lease and not as a lease modification. Such rent reduction or suspension of rent is recognised in profit or loss in the period in which the event or condition that triggers those payments occur.

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

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Leases (continued)

The Group as a lessor (continued)

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

(i) Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession under which the Group legally releases the lessee from its obligation to make specifically identified lease payment, of which some of these lease payments are contractually due but not paid and some of them are not yet contractually due, the Group accounts for the portions which have been recognised as operating lease receivables (i.e. the lease payments which are contractually due but not paid) by applying the ECL and derecognition requirements under IFRS 9 and applies lease modification requirements for the forgiven lease payments that the Group has not recognised (i.e. the lease payments which are not yet contractually due) as at the effective date of modification.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Foreign currencies

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 (that is, the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on 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 on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. When a fair value gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is also recognised in other comprehensive income. 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 (that is, 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 that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, and a disposal involving loss of control over a subsidiary 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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss in respect of the period as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to profit or loss in respect of the period as they become payable in accordance with the rules of the central pension scheme.

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. In determining the present value of the Group's defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than earlier years, the Group attributes the benefit on a straight-line basis from:

(a) the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service) until

(b) the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Retirement benefit costs (continued)

Past service cost is recognised in profit or loss in the period of a plan amendment or curtailment and a gain or loss on settlement is recognised when settlement occurs. When determining past service cost, or a gain or loss on settlement, an entity shall remeasure the net defined benefit liability or asset using the current fair value of plan assets and current actuarial assumptions, reflecting the benefits offered under the plan and the plan assets before and after the plan amendment, curtailment or settlement, without considering the effect of asset ceiling (i.e. the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan).

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. However, if the Group remeasures the net defined benefit liability or asset before plan amendment, curtailment or settlement, the Group determines net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement using the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement and the discount rate used to remeasure such net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period resulting from contributions or benefit payments.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Retirement benefit costs (continued)

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (for example contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability or asset.

- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the Group reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19 paragraph 70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the Group reduces service cost in the period in which the related service is rendered.

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term and other long-term employee benefits

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares/share options that vest immediately at the date of grant, the fair value of the shares/share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to retained profits. 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-based payments reserve will be transferred to retained profits.

Shares/Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Share-based payment transactions (continued)

Equity-settled share-based payment transactions (continued)

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognises, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period.

If the modification occurs after vesting period, the incremental fair value granted is recognised immediately, or over the vesting period if additional period of service is required before the modified equity instruments are vested.

If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

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 profit/(loss) before tax as reported in the consolidated statement of profit or loss and other comprehensive income 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 base 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 differences 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 differences arise 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. In addition, deferred tax liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments 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.

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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Taxation (continued)

For the purposes of measuring deferred tax liabilities and deferred tax assets 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 sales.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

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 to the same taxable entity by the same taxation authority.

Current and deferred tax is recognised in profit or loss, except when it relates 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of 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 and restricted deposits arising from pre-sale of properties that are held for meeting short-term cash commitments. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes 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.

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.

The amount recognised as a provision is 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.

Restoration provisions

Provisions for the costs to restore leased assets to their original condition, as required by the terms and conditions of the lease, are recognised at the date of inception of the lease at the directors' best estimate of the expenditure that would be required to restore the assets, Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (continued)

3.2 Material accounting policy information (continued)

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements in the reporting period in which the change occurs.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties portfolio in Hong Kong and concluded that the Group's investment properties in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred tax on investment properties in Hong Kong, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of these investment properties.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgments in applying accounting policies (continued)

Control over Jumbo Excel Investment Corporation ("Jumbo Excel")

Note 48(a) describes that Jumbo Excel Investment Corporation ("Jumbo Excel") is a subsidiary of the Group even though the Group has only a 50% ownership interest in Jumbo Excel, with the remaining ownership interest held by a third party that is unrelated to the Group.

The directors of the Company assessed whether or not the Group has control over Jumbo Excel based on whether the Group has the practical ability to direct the relevant activities of Jumbo Excel unilaterally. In making their judgment, the directors consider the Group's control in the board of directors and the relative agreement between the Group and the non-controlling interest. As detailed in note 48(a), the directors concluded that the Group has a sufficiently dominant voting interest to direct the relevant activities of Jumbo Excel and therefore the Group has control over Jumbo Excel. If the directors had concluded that the 50% ownership interest was insufficient to give the Group control, Jumbo Excel would instead not be classified as a subsidiary and not consolidated in the Group's consolidated financial statements.

Control over Ayasa Globo Financial Services (BVI) Limited ("Ayasa Globo (BVI)")

Note 48(a) describes that Ayasa Globo Financial Services (BVI) Limited ("Ayasa Globo (BVI)") is a subsidiary of the Group. The directors of the Company assessed whether or not the Group has control over Ayasa Globo (BVI) based on whether the Group has the practical ability to direct the relevant activities of Ayasa Globo (BVI) unilaterally.

In making their judgment, the directors consider the Group's control in the board of directors and the relative agreement between the Group and the non-controlling interest. The directors concluded that the Group has a sufficient ability to direct the relevant activities of Ayasa Globo (BVI) and therefore the Group has control over Ayasa Globo (BVI). If the directors had concluded that the Group has insufficient ability to direct the relevant activities, Ayasa Globo (BVI) would instead not be classified as a subsidiary and not consolidated in the Group's consolidated financial statements.

Key sources of estimation uncertainty

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

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

Management of the Group determines on a regular basis whether there are any indications that the property, plant and equipment and right-of-use assets are impaired. Impairment loss for property, plant and equipment and right-of-use assets are recognised when the carrying amounts of the assets exceed their respective recoverable amounts, which are determined based on the higher of fair value less costs of disposal and value in use. The fair values of property, plant and equipment and right-of-use assets are estimated by reference to their expected selling prices which are affected by various factors, including market conditions and the technological occurrence. The value in use calculation requires the use of estimates such as the future revenue and discount rates. If the recoverable amounts of property, plant and equipment and right-of-use assets are estimated to be less than their respective carrying amounts, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss in respect of the period. As at 31 December 2024, the carrying amounts of property, plant and equipment and right-of-use assets are approximately HK$1,482,000 (2023: HK$2,944,000) and HK$6,314,000 (2023: HK$13,061,000) respectively. During the year ended 31 December 2024, impairment loss amounting to HK$15,000 and HK$3,033,000 was recognised in property, plant and equipment and right-of-use assets respectively (2023: Nil).

Estimation of fair value of investment properties

Investment properties are carried in the consolidated financial statements at their fair value. The best evidence of fair value of the Group's investment properties are current prices in an active market for similar properties in the same location and condition and subject to similar leases and other contracts. In the absence of such information, management determines the amount within a range of reasonable fair value estimates. In making its judgement, management considers information from: (i) independent valuations; and (ii) external evidence such as current market rates for similar properties in the same location and condition. Details regarding the fair value of the Group's investment properties as at 31 December 2024 are set out in note 18 to the consolidated financial statements.

Impairment of properties for development

Management of the Company determines on a regular basis whether the properties for development are impaired. Impairment losses on properties for development are recognised when the carrying amount of the assets exceed their recoverable amount, which is the higher of their fair values less costs of disposal and value in use. The fair values of the properties are estimated based on direct comparison method and residual method, taking into account estimated cost to completion. The value in use calculation requires the use of estimates such as the future cash flows and discount rates.

As at 31 December 2023, the carrying amount of properties for development is approximately HK$62,000,000. Impairment loss of properties for development amounted to HK$7,000,000 has been recognised. During the year ended 31 December 2024, the properties for development have been disposed, details are set out in note 39(a) to the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Impairment of inventories

Inventories are written down to net realisable value based on an assessment of their realisability. Write-downs of inventories are recorded where events or changes in circumstances indicate that the balances may not be realised at their carrying amounts. The identification of write-downs requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying amount of inventories and write-down of inventories in the period in which such estimate is changed. As at 31 December 2024, the carrying amount of inventories is approximately HK$37,568,000 (2023: HK$42,704,000). No impairment loss of inventories was recognised in respect of the current year (2023: Nil).

Impairment of receivables

The Group applies the simplified approach to provide for expected credit loss in respect of trade receivables, finance lease receivables and contract assets. The provision rates are based on groupings of various debtors that have similar loss patterns and the Group's historical default rates, taking into consideration forward-looking information available that is receivable and supportable without undue costs or effort. At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, the Group's receivables with significant balances and credit impaired are assessed for expected credit loss individually. The provision for expected credit loss is sensitive to changes in estimates.

For the assessment of expected credit loss of other financial assets at amortised costs, including loan and interest receivables and prepayments, deposits and other receivables, which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings, where possible.

The information about the expected credit loss of the Group's receivables are disclosed in note 45.

Impairment of goodwill

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

The carrying amount of goodwill at 31 December 2024 was HK$40,781,000 (2023: HK$40,781,000), after accumulated impairment losses of HK$7,532,000 (2023: HK$7,532,000) was recognised. Details of the impairment loss calculation are set out in note 20.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value measurements and valuation processes

Certain of the Group's financial assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the fair value of the asset or liability is estimated by reference to the valuation performed by professional valuers or fund managers.

Information about the valuation techniques and inputs used in determining the fair value of various financial assets are disclosed in note 46.

5. REVENUE

An analysis of the Group's revenue from continuing operations by major products and services categories for the year are as follows:

	2024 **HK$'000**	2023 HK$'000
Income from food and beverage business	**405,377**	431,409
Income from provision of professional services	**77,592**	70,777
Income from provision of services regarding dealing in securities and futures contracts	**7,269**	4,373
Income from asset management and advising on securities services	**7,444**	7,815
Income from credit card handling charges	**9,343**	1,778
Revenue from contracts with customers	**507,025**	516,152
Interest income from money lending business	**–**	178
Margin interest income from securities brokerage business	**30**	323
Rental income from lease of investment properties	**1,423**	776
Revenue from other source	**1,453**	1,277
Total revenue	**508,478**	517,429

5. REVENUE (continued)

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers from continuing operations is disaggregated by timing of revenue recognition:

	2024 HK$'000	2023 HK$'000
Timing of revenue recognition		
Continuing operations		
At a point in time	**450,617**	459,888
Over time	**56,408**	56,264
	507,025	516,152

Income from food and beverage business represents sales of frozen food and beverage products which is recognised at a point in time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers, being when the goods have been delivered to the customers.

Income from provision of professional services mainly includes (i) services rendered for fund set up is recognised over time in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of actual services provided as a proportion of the total service to be provided, (ii) fund administration and consultancy services which are recognised over time based on contractual terms specified in the underlying agreements, as the customer simultaneously receives and consumes the benefit provided by the Group as the Group performs and revenue can be measured reliably and (iii) other corporate services which are recognised at a point in time when the services for the transactions are completed under the terms of each engagement, as only that time the Group has a present right to payment from the customers for the service performed.

Income from the provision of services regarding dealing in securities and futures contracts is recognised at a point in time on a trade date basis when the relevant transactions are executed.

Income from asset management and advising on securities services is recognised over time based on contractual terms specified in the underlying agreements, as the customer simultaneously receives and consumes the benefit providing by the Group performs and revenue can be measured reliably.

The Group receives handling charges from credit card transactions. Revenue is recognised at a point in time when the Group has satisfied its performance obligation in providing the promised services to the customer (i.e. completion of the transactions), and are recognised based on contractual rates agreed with customers.

6. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into the following operating segments based on their products and services:

Continuing operations

(a) Food and beverage – sale of frozen food and beverage products

(b) Financial business – (i) provision of professional services, such as fund setup and administration, consultancy and co-ordination, corporate and accounting services, data analysis, provision of services regarding dealing in securities and futures contracts, advising on securities and asset management services, securities investments and money lending; (ii) provision of credit card services to individuals or corporation

(c) Properties holding

Discontinued operations

(a) Others – provision of temperature-controlled storage and ancillary services which provide storage services for frozen food and beverage products

The Group disposed the interest in certain subsidiaries that were considered by the management as separate major line of business of the Group. Accordingly, entire temperature-controlled storage and ancillary services segment were accounted for as discontinued operations. Details about these discontinued operations and the disposal of subsidiaries are set out in notes 12 and 39.

The Group's management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income derived from bank deposits, gain on disposal of subsidiaries, other unallocated income and gain, finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

6. OPERATING SEGMENT INFORMATION (continued)

Segment assets exclude unallocated property, plant and equipment, right-of-use assets, prepayments, deposits and other receivables and cash and bank balances as these assets are managed on a group basis. Segment liabilities exclude unallocated other payables and accruals, lease liabilities, bank borrowings, income tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

	Food and beverage HK$'000	Financial business HK$'000	Properties holding HK$'000	Total HK$'000
Segment revenue and segment results				
Year ended 31 December 2024				
Revenue from external customers	**405,377**	**101,678**	**1,423**	**508,478**
Inter-segment revenue	**–**	**–**	**–**	**–**
Segment revenue	**405,377**	**101,678**	**1,423**	**508,478**
Segment profit/(loss)	**9,928**	**(41,808)**	**(19,473)**	**(51,353)**
Interest income from bank deposits				**6,697**
Other unallocated income and gains				**5,710**
Gain on disposal of subsidiaries				**1,874**
Corporate and other unallocated expenses				**(13,435)**
Finance costs				**(682)**
Loss before tax from continuing operations				**(51,189)**

6. OPERATING SEGMENT INFORMATION (continued)

	Food and beverage HK$'000	Financial business HK$'000	Properties holding HK$'000	Total HK$'000
Segment assets and segment liabilities				
As at 31 December 2024				
Segment assets	128,123	837,132	42,757	1,008,012
Goodwill				40,781
Corporate and other unallocated assets				36,232
Total assets				1,085,025
Segment liabilities	17,723	366,076	297	384,096
Corporate and other unallocated liabilities				3,977
Total liabilities				388,073

6. OPERATING SEGMENT INFORMATION (continued)

	Food and beverage HK$'000	Financial business HK$'000	Properties holding HK$'000	Total HK$'000
Segment revenue and segment results				
Year ended 31 December 2023				
Revenue from external customers	431,409	85,244	776	517,429
Inter-segment revenue	–	–	–	–
Segment revenue	431,409	85,244	776	517,429
Segment profit/(loss)	8,138	(22,979)	(9,487)	(24,328)
Interest income from bank deposits				7,546
Other unallocated income and gains				2,369
Corporate and other unallocated expenses				(15,742)
Finance costs				(828)
Loss before tax from continuing operations				(30,983)

6. OPERATING SEGMENT INFORMATION (continued)

	Food and beverage HK$'000	Financial business HK$'000	Properties holding HK$'000	Total HK$'000
Segment assets and segment liabilities				
As at 31 December 2023				
Segment assets	131,296	410,675	116,163	658,134
Goodwill				40,781
Corporate and other unallocated assets				111,877
Total assets				810,792
Segment liabilities	25,077	145,721	1,536	172,334
Corporate and other unallocated liabilities				4,775
Total liabilities				177,109

6. OPERATING SEGMENT INFORMATION (continued)

	Food and beverage HK$'000	Financial business HK$'000	Properties holding HK$'000	Total HK$'000
Other segment information				
Year ended 31 December 2024				
Depreciation charge*	**764**	**7,600**	**–**	**8,364**
Unallocated				**1,272**
Total depreciation charge from continuing operations				**9,636**
Capital expenditure**	**6**	**126**	**–**	**132**
Unallocated				**–**
Total capital expenditure from continuing operations				**132**
Year ended 31 December 2023				
Depreciation charge*	938	6,633	–	7,571
Unallocated				1,614
Total depreciation charge from continuing operations				9,185
Capital expenditure**	–	906	–	906
Unallocated				–
Total capital expenditure from continuing operations				906

* Depreciation charge consists of depreciation of property, plant and equipment and right-of-use assets.

** Capital expenditure consists of additions to property, plant and equipment.

6. OPERATING SEGMENT INFORMATION (continued)

Geographical information

Information about the Group's revenue from external customers from continuing operations is presented based on the location of customers as detailed below:

	2024 **HK$'000**	2023 HK$'000
Hong Kong	**449,514**	465,331
Overseas	**58,964**	52,098
	508,478	517,429

Information about major customers

No individual customers of continuing operations contributing over 10% of the revenue of the Group for both of years presented.

7. OTHER INCOME AND GAINS

	2024 **HK$'000**	2023 HK$'000
Net foreign exchange gain	**–**	1,554
Interest income from bank deposits	**6,697**	7,546
Reversal of impairment loss on loan and interest receivables *(note 24)*	**757**	1,536
Reversal of impairment loss on trade receivables arising from other business *(note 25)*	**1,240**	982
Income from other services	**5,651**	–
Gain on disposal of subsidiaries	**1,874**	–
Dividend income from equity investments	**58**	–
Sundry income	**80**	364
Other income and gains from continuing operations	**16,357**	11,982

8. OTHER EXPENSES

	2024 **HK$'000**	2023 HK$'000
Impairment loss on properties for development *(note 19)*	**9,200**	7,000
Impairment loss on trade receivables arising from margin clients	**206**	7,152
Impairment loss on property, plant and equipment	**15**	–
Impairment loss on right-of-use assets	**3,033**	–
Others	**–**	284
Other expenses from continuing operations	**12,454**	14,436

9. FINANCE COSTS

	2024 **HK$'000**	2023 HK$'000
Interest on bank borrowings	**2**	165
Finance costs on lease liabilities	**680**	663
Finance costs from continuing operations	**682**	828

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
Cost of inventories sold	**355,141**	378,269
Depreciation of property, plant and equipment	**1,579**	1,912
Depreciation of right-of-use assets	**8,057**	7,273
Storage expenses	**18,433**	22,006
Short-term lease expenses	**2,350**	1,767
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	**78,930**	55,600
Retirement benefit scheme contributions	**2,077**	1,618
Total staff costs	**81,007**	57,218
Auditors' remuneration		
– audit services	**2,288**	1,933
– non-audit services	**318**	318
Net foreign exchange losses/(gains)	**1,355**	(1,554)

11. INCOME TAX EXPENSE

	2024 **HK$'000**	2023 HK$'000
Current tax expense		
Hong Kong Profits Tax	**3,561**	4,138
Under-provision of tax in prior year	**66**	–
	3,627	4,138
Deferred tax expense/(credit)	**1,570**	(71)
Income tax expense from continuing operations	**5,197**	4,067

Under the two-tiered Hong Kong profits tax rates regime, the first HK$2 million of the assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%.

For the years ended 31 December 2024 and 2023, Hong Kong profits tax is calculated in accordance with the two-tiered Hong Kong profits tax rates regime.

Overseas tax is calculated at the rates applicable in the respective jurisdictions.

The income tax expense from continuing operations can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 **HK$'000**	2023 HK$'000
Loss before tax	**(51,189)**	(30,983)
Tax at the applicable tax rates	**(8,446)**	(5,112)
Tax effect of income not taxable for tax purpose	**(2,111)**	(1,555)
Tax effect of expenses not deductible for tax purpose	**9,938**	5,425
Tax effect of tax losses not recognised	**5,918**	4,193
Under-provision of tax in prior year	**66**	–
Others	**(168)**	1,116
Income tax expense	**5,197**	4,067

12. DISCONTINUED OPERATIONS

The Group disposed its interest in China Cold Chain Co. Limited ("China Cold Chain"), on 30 April 2023. China Cold Chain was principally engaged in the provision of temperature-controlled storage services and ancillary services which provide storage services for frozen food and beverage products. After the completion date of disposal, the operations of China Cold Chain are accounted for discontinued operations.

The profit for the year ended 31 December 2023 from the discontinued operations is set out below.

	2023 HK$'000
Loss on discontinued operation for the year (see below)	488
Gain on disposal of discontinued operations	(1,061)
	(573)

The results of the discontinued operations for the period from 1 January 2023 to date of discontinuation of the operations, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	2023 HK$'000
Revenue	
– Income from provision of temperature-controlled storage and ancillary services	1,875
Cost of sales	(1,409)
Gross profit	466
Administrative expenses	(771)
Other expenses	(36)
Finance costs	(147)
Loss before tax	(488)
Income tax credit	–
Loss for the year	(488)

12. DISCONTINUED OPERATIONS (continued)

	2023 HK$ cents
Loss per share from discontinued operations	
Basic and diluted	(0.2)

During the year ended 31 December 2023, the discontinued operations contributed approximately HK$834,000 to the Group's net operating cash outflows, paid approximately HK$129,000 in respect of investing activities (including net cash outflow from disposal of subsidiaries) and paid approximately HK$1,591,000 in respect of financing activities.

The carrying amounts of the assets and liabilities of the discontinued operations at the date of disposal are disclosed in note 39 to the consolidated financial statements.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors and chief executive

	2024 **HK$'000**	2023 HK$'000
Fees:		
Executive directors	**1,271**	1,252
Non-executive director	**960**	960
Independent non-executive directors	**720**	722
	2,951	2,934
Other emoluments:		
Salaries	**1,837**	1,794
Discretionary bonuses	**76**	74
Retirement benefit scheme contributions	**36**	36
	4,900	4,838

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors and chief executive (continued)

An analysis of the directors' emoluments by individual directors are as follows:

	Fees HK$'000	Salaries, allowance and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
2024					
Executive directors:					
Mr. Lau Ka Ho*	360	1,837	–	18	2,215
Mr. Chan Hoi Tik	911	–	76	18	1,005
	1,271	1,837	76	36	3,220
Non-executive director:					
Mr. Sze Wine Him Jaime	960	–	–	–	960
	960	–	–	–	960
Independent non-executive directors:					
Ms. Chan Sze Man	240	–	–	–	240
Ms. Bu Yanan	240	–	–	–	240
Mr. Wong Sai Hung	240	–	–	–	240
	720	–	–	–	720
	2,951	1,837	76	36	4,900

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors and chief executive (continued)

	Fees HK$'000	Salaries, allowance and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
2023					
Executive directors:					
Mr. Lau Ka Ho*	360	1,794	–	18	2,172
Mr. Chan Hoi Tik	892	–	74	18	984
	1,252	1,794	74	36	3,156
Non-executive director:					
Mr. Sze Wine Him Jaime	960	–	–	–	960
	960	–	–	–	960
Independent non-executive directors:					
Ms. Chan Sze Man	240	–	–	–	240
Mr. Ma Kwun Yung Stephen [1]	240	–	–	–	240
Ms. Bu Yanan	240	–	–	–	240
Mr. Wong Sai Hung [2]	2	–	–	–	2
	722	–	–	–	722
	2,934	1,794	74	36	4,838

[1] Mr. Ma Kwun Yung Stephen resigned as a non-executive director with effect from 29 December 2023.

[2] Mr. Wong Sai Hung was appointed as a non-executive director with effect from 29 December 2023.

* Mr. Lau Ka Ho was also the chief executive officer for the years ended 31 December 2024 and 31 December 2023.

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

During the years ended 31 December 2024 and 2023, no remuneration was paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (continued)

(b) Employees

The five highest emoluments employees in the Group during the year included one director (2023: one director).

The emoluments of the remaining four individuals (2023: four individuals) were as follows:

	2024 **HK$'000**	2023 HK$'000
Salaries, allowances and benefits in kind	**5,516**	5,098
Discretionary bonuses	**734**	885
Retirement benefit scheme contributions	**72**	72
	6,322	6,055

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2024 **No. of employees**	2023 No. of employees
HK$1,000,001 – HK$1,500,000	**1**	2
HK$1,500,001 – HK$2,000,000	**3**	1
HK$2,000,001 – HK$2,500,000	**–**	1

14. DIVIDENDS

The directors of the Company do not recommend any payment of a dividend in respect of the year ended 31 December 2024 (2023: Nil).

15. LOSS PER SHARE

The calculation of the basic loss per share attributable to equity holders of the Company is based on the following data:

	Continuing and discontinued operations		Continuing operations	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loss				
Loss for the purpose of basic loss per share				
Loss for the year attributable to equity holders of the Company	**(53,728)**	(38,748)	**(53,728)**	(34,619)

	2024	2023	**2024**	2023
	'000	'000	**'000**	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,222,219**	2,274,123	**2,222,219**	2,274,123

For the years ended 31 December 2024 and 2023, basic loss per share is the same as diluted loss per share. There are no dilutive effects on the share options granted as they are anti-dilutive.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Office equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 January 2023	5,931	6,302	13,710	2,012	27,955
Additions	328	–	578	–	906
Disposals	–	–	(105)	(542)	(647)
Disposal of subsidiaries *(note 39)*	(1,000)	(6,302)	(6,709)	–	(14,011)
At 31 December 2023 and 1 January 2024	5,259	–	7,474	1,470	14,203
Additions	114	–	18	–	132
At 31 December 2024	5,373	–	7,492	1,470	14,335
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS					
At 1 January 2023	4,630	6,302	12,380	588	23,900
Depreciation provided for the year	738	–	880	294	1,912
Eliminated on disposal	–	–	–	(542)	(542)
Eliminated on disposal of subsidiaries *(note 39)*	(1,000)	(6,302)	(6,709)	–	(14,011)
At 31 December 2023 and 1 January 2024	4,368	–	6,551	340	11,259
Depreciation provided for the year	834	–	451	294	1,579
Impairment loss	–	–	15	–	15
At 31 December 2024	5,202	–	7,017	634	12,853
CARRYING AMOUNT					
At 31 December 2024	171	–	475	836	1,482
At 31 December 2023	891	–	923	1,130	2,944

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Note: The above items of property, plant and equipment, are depreciated on a straight-line basis over their estimated useful lives and after taking into account their estimated residual value. The principal annual rates used for this purpose are as follows:

Leasehold improvement	over the lease terms
Plant and machinery	10%-20%
Furniture, fixtures and office equipment	20% to 33 1/3%
Motor vehicles	20% to 25%

17. RIGHT-OF-USE ASSETS

	Leased properties HK$'000 ***(Note b)***
COST	
At 1 January 2023	41,988
Additions	8,429
Lease termination	(1,809)
Lease modification	5,443
Disposals	(1,876)
Disposal of subsidiaries (note 39)	(25,670)
At 31 December 2023 and 1 January 2024	26,505
Lease modification	4,343
Disposals	(6,884)
At 31 December 2024	23,964
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS	
At 1 January 2023	(27,246)
Lease termination	1,658
Provided for the year	(8,557)
Disposals	1,876
Disposal of subsidiaries (note 39)	18,825
At 31 December 2023 and 1 January 2024	(13,444)
Provided for the year	(8,057)
Disposals	6,884
Impairment loss	(3,033)
At 31 December 2024	(17,650)
CARRYING VALUE	
At 31 December 2024	6,314
At 31 December 2023	13,061

17. RIGHT-OF-USE ASSETS (continued)

Notes:

(a) For both years presented, the Group leases various offices and warehouse for its operations. Lease contracts are entered into for fixed term of two years to three years (2023: two years to three years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at 31 December 2024 and 2023, the Group has extension and/or termination options in a number of leases for offices. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

(b) The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options or not to exercise the termination options. There was no potential exposures to these future lease payments for (i) extension options in which the Group is not reasonably certain to exercise and (ii) termination options in which the Group is not reasonably certain not to exercise.

As at 31 December 2024, the Group entered into new leases for several office, with 2 to 3 years non-cancellable period (2023: 2 to 3 years), excluding the period under extension options. The total future undiscounted cashflows over the non-cancellable period amounted to HK$4,343,000 (2023: HK$13,872,000).

In addition, the Group reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the years ended 31 December 2024 and 31 December 2023, there is no such triggering event.

18. INVESTMENT PROPERTIES

	2024 HK$'000	2023 HK$'000
Investment properties, at fair value – in Hong Kong	**41,000**	50,700
Movements during the year are as follows:		
Fair value, at 1 January	**50,700**	52,250
Loss on changes in fair value recognised in profit or loss	**(9,700)**	(1,550)
Fair value, at 31 December	**41,000**	50,700

The Group's investment properties at 31 December 2024 and 2023 represents workshops in industrial complex on leasehold land.

The Group's investment properties are carried at fair value at 31 December 2024 and 2023, which are valued by B.I. Appraisal Limited, being independent qualified professional valuer not connected with the Group.

In estimating the fair value of the investment properties, the highest and the best use of the properties is their current use. Investment method is adopted for the current year as the investment properties have been sub-divided and partially rented out during the current year and the directors are of the opinion that the investment method is appropriate for estimation of the fair value of the investment properties at the end of the reporting period. There has been no change from the valuation technique used in the previous year.

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for investment properties	–	–	41,000	41,000

18. INVESTMENT PROPERTIES (continued)

	Fair value measurement as at 31 December 2023 using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for investment properties	–	–	50,700	50,700

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

At 31 December 2024

Type of properties	Valuation technique	Significant unobservable inputs	Estimated unobservable inputs	Relationship of unobservable inputs to fair value
Industrial properties in Hong Kong*	Investment method	Market unit rent per month per square foot	Range from HK$95 to HK$130	The higher the market unit rent per month per square foot, the higher the fair value
		Term yield	6.60%	The higher in both term yield and reversionary yield, the lower the fair value.
		Reversionary yield	6.60%	

At 31 December 2023

Type of properties	Valuation technique	Significant unobservable inputs	Estimated unobservable inputs	Relationship of unobservable inputs to fair value
Industrial properties in Hong Kong*	Investment method	Market unit rent per month per square foot	Range from HK$134 to HK$184	The higher the market unit rent per month per square foot, the higher the fair value
		Term yield	6.65%	The higher in both term yield and reversionary yield, the lower the fair value.
		Reversionary yield	7.65%	

* The Group's properties in Hong Kong represent a workshop unit in the industrial complex.

Under the term and reversion approach, using the discounted cash flow method, based on the estimated rental value of the properties. A significant increase/decrease in both term yield and reversionary yield of the properties, or a significant decrease/increase in the average market unit rent of the property would result in a significant decrease/increase in the fair value of the investment properties.

19. PROPERTIES FOR DEVELOPMENT

	2024 **HK$'000**	2023 HK$'000
At cost		
At 1 January	**164,862**	164,862
Derecognised upon disposal of subsidiaries	**(164,862)**	–
At 31 December	**–**	164,862
Accumulated impairment		
At 1 January	**102,862**	95,862
Impairment loss recognised for the year *(note 8)*	**9,200**	7,000
Derecognised upon disposal of subsidiaries *(note 39)*	**(112,062)**	–
At 31 December	**–**	102,862
Carrying amount at 31 December	**–**	62,000

Properties for development represent land and buildings located on leasehold land in Hong Kong, which were acquired by the Group for development purposes. Details of the property development plans are yet to be approved by the relevant government department.

The Group assesses the recoverable amount of properties for development were based on the estimated sale value of these properties and taking into account the estimated costs to completion based on the direct comparison method and residual method. The main valuation input used were the market value of other property comparable executed in the market and estimated development cost. The estimated sale value on which the recoverable amount is categorised as level 3 measurement. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgment and estimates.

The directors of the Company consider it appropriate to recognise impairment loss amounted to HK$9,200,000 (2023: HK$7,000,000) on the properties for development which is calculated based on their recoverable amount by reference to the estimated sale value of the properties on their existing state.

20. GOODWILL

	2024 HK$'000	2023 HK$'000
Cost		
At 1 January	**48,313**	48,632
Disposal of a subsidiary *(note 39)*	**–**	(319)
At 31 December	**48,313**	48,313
Accumulated impairment losses		
At 1 January	**7,532**	7,851
Written off upon disposal of a subsidiary *(note 39)*	**–**	(319)
At 31 December	**7,532**	7,532
Carrying amount		
At 31 December	**40,781**	40,781

Impairment testing of goodwill

Cost of the goodwill has been allocated for impairment testing purposes to the following groups of cash generating units ("CGUs")

	2024 HK$'000	2023 HK$'000
Food and beverage	**3,121**	3,121
Provision of services regarding dealing in securities and futures contracts	**4,411**	4,411
Provision of professional services related to funds	**40,781**	40,781
At 31 December	**48,313**	48,313

20. GOODWILL (continued)

Food and beverage

In respect of the goodwill allocated to the CGUs of food and beverage, the Group recognised impairment loss of goodwill amounted to HK$3,121,000 (2023: HK$3,121,000) for the prior years based on its recoverable amount.

Provision of services regarding dealing in securities and futures contracts

In respect of the goodwill allocated to the CGUs of provision of services regarding dealing in securities and futures contracts, the directors consider it appropriate to recognise impairment loss of goodwill amounted to HK$4,411,000 for the prior years based on the recoverable amount of the CGUs.

Provision of professional services related to funds

The recoverable amount of this group of CGUs has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management.

Key assumptions adopted in the preparation of cash flow projections for value in use calculation are as follows:

	2024	2023
Compound annual growth rate of revenue in five-year period	**3.66%**	2.79%
Annual growth rate beyond the five-year period	**2.50%**	2.50%
Pre-tax discount rate	**23.40%**	23.56%

The budgeted gross margin used for the preparation of the cash flow projections is based on the past performance and future industry forecast estimated by management.

The average annual revenue growth rate of revenue is estimated by management based on past performance, industry forecast and its expectation of market development. The discount rate used is before tax and reflects specific risks relating to this group of CGUs.

For the years ended 31 December 2024 and 2023 in respect of the goodwill allocated to the CGUs of provision of professional services related to funds, the directors consider it appropriate not to recognise impairment loss of goodwill based on the recoverable amount of the CGUs. The recoverable amount has been determined by value in use calculation and the present value of expected future cash flows.

21. INTERESTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Cost of investment in associates	**7,020**	–
Share of post-acquisition profits and other comprehensive income, net of dividend received	**673**	–
	7,693	–

Details of each of the Group's material associates at the end of the reporting period are as follows:

Name of entity	Country of incorporation	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activity
			2024	2023	**2024**	2023	
Venture Securities, Inc ("VSL")	Philippines	Philippines	**40%**	N/A	**40%** *(Note)*	N/A	Dealing in securities and futures contracts
Dpay Philippines Holdings Inc ("Dpay")	Philippines	Philippines	**40%**	N/A	**40%** *(Note)*	N/A	Electronic Monetary Institution

Note: The Group has 40% ownership interest and voting rights in VSL and Dpay. By considering that the Group has no sufficiently dominant voting rights to direct the relevant activities of VSL and Dpay unilaterally, the directors of the Company conclude that the Group only has significant influence over VSL and Dpay and therefore it is classified as associates of the Group.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 **HK$'000**	2023 HK$'000
Financial assets at fair value through other comprehensive income		
Equity securities listed in Hong Kong	**15,180**	12,570
Unlisted investment fund *(note b)*	**168,314**	18,312
	183,494	30,882

Notes:

(a) Details regarding the fair value of equity securities listed in Hong Kong and unlisted investment fund are set out in note 46.

(b) The unlisted investment fund represents fund established by external fund managers which are principally engaged in securities investments.

23. INVENTORIES

	2024 **HK$'000**	2023 HK$'000
Finished goods	**37,568**	42,704

24. LOAN AND INTEREST RECEIVABLES

	2024 HK$'000	2023 HK$'000
Loan and interest receivables		
– repayable within one year	**3,204**	3,991
– repayable in the second to fifth years	**–**	139
	3,204	4,130
Less: impairment loss recognised	**(3,204)**	(4,130)
	–	–

Movements during the year are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**–**	2,502
Interest on loan receivables *(note 5)*	**–**	178
Loans and interest repaid by borrowers	**(757)**	(4,216)
Reversal of impairment loss recognised *(note 7)*	**757**	1,536
At 31 December	**–**	–

Movements of impairment loss on loan and interest receivables are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**4,130**	6,031
Reversal of impairment loss recognised *(note 7)*	**(757)**	(1,536)
Loan and interest receivables written off	**(169)**	(365)
At 31 December	**3,204**	4,130

24. LOAN AND INTEREST RECEIVABLES (continued)

Details of loan receivables (excluding interest receivables) are as follows:

31 December 2024

Loan principal amount	Number of borrowers	Interest rate per annum	Maturity date	Security pledged
HK$'000				
3,204	1	24.0%	Due	Nil

31 December 2023

Loan principal amount	Number of borrowers	Interest rate per annum	Maturity date	Security pledged
HK$'000				
4,070	3	15.0% to 58.0%	Within one year after 31 December 2023	Nil

Loan and interest receivables thereon were to be settled by the borrowers at their respective maturity dates.

25. TRADE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables arising from provision of dealing in securities and futures contracts services		
– Clearing house, brokers and cash clients *(note a)*	6,976	6,209
– Margin clients *(note b)*	36	4,480
Trade receivables arising from other business *(note c)*	64,458	73,730
	71,470	84,419
Less: allowance for trade receivables from other business	(1,513)	(2,753)
	69,957	81,666

25. TRADE RECEIVABLES (continued)

Notes:

(a) The trade receivables from dealing in securities and futures contracts services represent receivables from clearing house, brokers and cash clients. The settlement terms of these trade receivables are one to two days after trade date. The trade receivables are not past due as at 31 December 2024 based on settlement terms and are not impaired since they are settled subsequent to 31 December 2024. No aging analysis of the trade receivables from clearing house, brokers and cash clients are disclosed as management of the Group is of the view that the aging analysis does not give additional value in view of the nature of this business.

(b) The trade receivables from margin clients are repayable on demand and carry interest at interest rate ranged from 8.0% to 12.0% per annum. For credit facilities granted by the Group to margin clients, the margin clients are required to pledge their securities collateral to the Group, and the credit facilities granted is determined by the discounted market value of pledged securities in accordance with the Group's margin lending policies at a specified loan-to-collateral ratio.

At 31 December 2024, the market value of securities pledged as collateral in respect of the trade receivables from margin clients amounted to approximately HK$36,000 (2023: HK$140,088,000).

No aging analysis of the trade receivables from margin clients are disclosed as management of the Group is of the view that the aging analysis does not give additional value in view of the nature of this business.

(c) Trade receivables arising from other business include trade receivables arising from food and beverage and provision of professional services.

The Group's trading terms with its customers of other business are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 days to 180 days (2023: 30 days to 180 days).

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables arising from other business as at the end of the reporting period, based on the invoice date, net of allowance, is as follows:

	2024 **HK$'000**	2023 HK$'000
Within 30 days	**45,686**	51,402
31 to 60 days	**13,500**	15,325
61 to 90 days	**2,505**	537
91 to 180 days	**502**	2,458
181 to 365 days	**178**	1,255
Over 365 days	**574**	–
	62,945	70,977

25. TRADE RECEIVABLES (continued)

Notes: (continued)

(c) (continued)

The aged analysis of the trade receivables arising from other business that are not considered to be impaired, net of allowance is as follows:

	2024 **HK$'000**	2023 HK$'000
Neither past due nor impaired	**45,621**	36,617
Past due but not impaired		
– 1 to 30 days	**12,589**	26,047
– 31 to 90 days	**4,735**	8,313
Total	**62,945**	70,977

The Group's trade receivables arising from other business that were neither past due nor impaired mainly represent sales made to recognised and creditworthy customers that have a good track record with the Group and for whom there was no recent history of default.

Based on past experience, the directors are of the opinion that except for the impairment loss made based on the expected credit loss provision, no additional provision for impairment is necessary in respect of receivables that are past due but not impaired as there has not been a significant change in credit quality and these receivables are still considered fully recoverable.

Movements of allowance of trade receivables arising from other business are as follows:

	2024 **HK$'000**	2023 HK$'000
At 1 January	**2,753**	3,777
Reversal of impairment loss	**(1,240)**	(982)
Impact on disposal of subsidiaries	**–**	(42)
At 31 December	**1,513**	2,753

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Prepayments *(note)*	**17,616**	20,691
Deposits and other receivables	**65,336**	55,197
	82,952	75,888
Less: allowance for prepayments, deposits and other receivables	**–**	–
	82,952	75,888
Analysis for reporting purposes as:		
Non-current assets	**57,675**	33,723
Current assets	**25,277**	42,165
	82,952	75,888

Note: Included in prepayments as at the 31 December 2024 are prepayment to supplier of inventories, amounted to HK$14,258,000 (2023: HK$18,992,000) which is interest-free, unsecured and expected to be utilized within one year.

27. CONTRACT ASSETS

	2024 HK$'000	2023 HK$'000
Provision of professional services	**–**	751
	–	751

	2024 HK$'000	2023 HK$'000
Revenue recognised that was included in the contract assets balance at the beginning of the year	**751**	3,797

The contract assets primarily relate to the Group's fund set up services for work completed but billed based on the milestone.

The Group classifies these contract assets as current because contract assets are transferred to trade receivables within one year when the rights for payment request become unconditional.

28. CASH AND BANK BALANCES

The bank balances to the extent of HK$389,388,000 (2023: HK$358,310,000) earned interest at floating rates based on daily bank deposit rates and average fixed rates.

29. CASH HELD ON BEHALF OF CLIENTS

The Group maintains segregated deposit accounts with banks and authorised institutions to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of clients under the current assets in the consolidated statement of financial position, and recognised the corresponding trade payables to the respective clients on grounds that the Group is liable for any loss or misappropriation of their clients' monies. Cash held on behalf of clients included brokerage clients, amounted to HK$173,815,000 (2023: HK$23,775,000) and fund administration clients, amounted to HK$49,707,000 (2023: HK$24,842,000). In Hong Kong, cash held on behalf of brokerage clients is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance and cash held on behalf of fund administration clients is restricted and governed by guideline on compliance of Anti-money Laundering and Counter-Terrorist Financing Requirements for Trust or Company Service Providers.

30. TRADE PAYABLES

	2024 **HK$'000**	2023 HK$'000
Trade payables arising from dealing in securities, futures contracts services and credit card services *(note a)*	**282,416**	92,900
Trade payables arising from provision of escrow services *(note b)*	**49,884**	24,739
Trade payables arising from other business *(note c)*	**3,183**	5,688
	335,483	123,327

Notes:

(a) Trade payables arising from (i) dealing in securities and futures contracts services represent payables to clearing house and cash clients with settlement terms of two days after trade date and (ii) credit card deposits from customers.

No aging analysis of the trade payables to clearing house, cash clients and credit card customers is disclosed as management of the Group is of the view that the aging analysis does not give additional value in view of the nature of this business.

(b) Trade payables arising from provision of escrow services represent funds placed in the Group's bank accounts by its escrow clients (cash deposited with the Group's bank accounts are presented as "cash held on behalf of clients" under current assets in the Group's consolidated statement of financial position). Settlement of these payables is effected when the related funds transferred out of the Group's bank accounts in accordance with the escrow clients' instructions.

No aging analysis of the trade payables to escrow client is disclosed as management of the Group is of the view that the aging analysis does not give additional value in view of the nature of this business.

(c) Trade payables arising from other business include trade payables arising from food and beverage and provision of professional services business.

30. TRADE PAYABLES (continued)

Notes: (continued)

(c) (continued)

An aged analysis of the trade payables arising from other business as at the end of the reporting period, based on invoice date, is as follows:

	2024 HK$'000	2023 HK$'000
Within 30 days	**1,200**	891
31 to 90 days	**948**	1,825
91 to 180 days	**87**	1,007
Over 180 days	**948**	1,965
	3,183	5,688

The trade payables are interest-free and are normally settled on terms of 30 days to 180 days (2023: 30 days to 180 days).

31. OTHER PAYABLES AND ACCRUALS

	2024 HK$'000	2023 HK$'000
Other payables	**11,797**	5,793
Accrued charges	**7,363**	7,709
Contract liabilities	**16,766**	16,959
Other tax payables	**4**	28
Amount due to related parties	**2,708**	–
	38,638	30,489

	2024 HK$'000	2023 HK$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	**16,959**	17,701

Other payables are non-interest-bearing and are normally settled on an average term of one month.

The contract liabilities represent advance payments received from customers for sale of goods. These contract liabilities are expected to be recognised as revenue within the next financial year.

32. BANK BORROWINGS

	2024			2023		
	Effective interest rate per annum	**Month of maturity**	**HK$'000**	Effective interest rate per annum	Month of maturity	HK$'000
Bank borrowings repayable within one year	**N/A**	**N/A**	**–**	4%	April 2024	6,862

The bank borrowing amounting to approximately HK$6,862,000 as at 31 December 2023 is secured by a guarantee from the Company. The bank borrowings has been fully repaid during the year ended 31 December 2024.

Bank loans arising from supplier finance arrangements

The Group has entered into supplier finance arrangements with a bank, under which the Group obtained extended credit in respect of the invoices amounts owed to certain suppliers. The banking facilities in relation to these arrangements are guaranteed by corporate guarantees given by the Company.

Under the arrangements, the banks pay suppliers the amounts owed by the Group on original due dates, which are normally 0 – 90 days after the invoice date. The Group then settles with the banks within 120 days after the original due dates with suppliers, with interest.

In the consolidated statement of financial position, the Group has presented the payables to the banks under these arrangements as "Bank borrowings", in view of the nature and function of such liabilities when compared with the Group's trade payables, to suppliers. As at 31 December 2024, there is no carrying amount of financial liabilities under these arrangements (1 January 2024: HK$6,862,000), HK$6,862,000 of which suppliers have received payments from the banks.

In the consolidated statement of cash flows, payments to the banks are included within financing cash flows based on the nature of the arrangements, and payments to the suppliers by the banks amounting to HK$406,000 (2023: HK$11,773,000) are non-cash transactions.

33. AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts due to non-controlling interests are interest-free, unsecured and repayable on demand.

34. LEASE LIABILITIES

	2024 HK$'000	2023 HK$'000
Lease liabilities payable:		
Within one year	**6,848**	7,698
Within a period of more than one year but not more than two years	**3,064**	4,695
Within a period of more than two years but not more than five years	**–**	1,639
	9,912	14,032
Less: amount due for settlement within twelve months	**(6,848)**	(7,698)
Amount due for settlement after twelve months shown under non-current liabilities	**3,064**	6,334

35. DEFERRED TAX (ASSETS)/LIABILITIES

	Impairment on loan and interest receivables HK$'000	Accelerated depreciation allowance HK$'000	Tax loss HK$'000	Others HK$'000	Total HK$'000
At 1 January 2023	(1,279)	94	(1,109)	(79)	(2,373)
Charged/(credited) to the profit or loss	537	(232)	(400)	24	(71)
At 31 December 2023	(742)	(138)	(1,509)	(55)	(2,444)
Charged/(credited) to the profit or loss	194	(159)	1,509	26	1,570
At 31 December 2024	**(548)**	**(297)**	**–**	**(29)**	**(874)**

	2024 HK$'000	2023 HK$'000
Analysis for reporting as:		
Deferred tax assets included in non-current assets	**(874)**	(2,488)
Deferred tax liabilities included in non-current liabilities	**–**	44
	(874)	(2,444)

At 31 December 2024, there were no significant unrecognised deferred tax liabilities (2023: Nil) for withholding taxes that would be payable on the unremitted earnings of the Company's subsidiary expected to be distributed, after considering the abovementioned factors, in the foreseeable future.

The Group has tax losses arising in Hong Kong of HK$98,200,000 (2023: HK$54,500,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose, of which the respective tax losses are subject to agreement by the Inland Revenue Department in Hong Kong. Deferred tax assets have not been recognised in respect of such tax losses due to the unpredictability of future profit streams.

36. SHARE CAPITAL

	2024		2023	
	Number of ordinary shares '000	**Share capital HK$'000**	Number of ordinary shares '000	Share capital HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**5,000,000**	**50,000**	5,000,000	50,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At 1 January	**2,274,123**	**22,741**	2,274,123	22,741
Cancellation of shares (note)	**(70,762)**	**(707)**	–	–
At 31 December	**2,203,361**	**22,034**	2,274,123	22,741

Note: During the year ended 31 December 2024, the Company repurchased 59,762,000 (31 December 2023: 11,000,000) of its own ordinary shares through The Stock Exchange of Hong Kong Limited with an aggregate consideration of approximately HK$3,697,000 (31 December 2023: HK$323,000) paid. All the repurchased shares were cancelled (31 December 2023: Nil) at the end of the reporting period. As at 31 December 2024 the Company had no outstanding shares repurchased but not yet cancelled (31 December 2023: 11,000,000 shares repurchased but not yet cancelled).

37. SHARE OPTION SCHEMES

(A) 2011 Share Option Scheme

On 22 June 2011, the Company operated a share option scheme (the "2011 Share Option Scheme") 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 2011 Share Option Scheme include, among others, the Company's Directors, including independent non-executive Directors, other employees of the Group, suppliers of goods or services to the Group, customers of the Group and the Company's Shareholders.

The 2011 Share Option Scheme had a life of 10 years and was expired on 21 June 2021 such that no further options shall thereafter be offered under the 2011 Share Option Scheme but the options, which had been granted during its life, shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects, the provisions of the 2011 Share Option Scheme shall remain in full force and effect.

37. SHARE OPTION SCHEMES (continued)

(B) 2021 Share Option Scheme

On 25 June 2021, a new share option scheme was adopted by the Shareholders at the annual general meeting of the Company (the "2021 Share Option Scheme") for the purpose of providing an incentive or a reward to selected eligible participants for their contribution or potential contribution to, and continuing efforts to promote the interests of, the Group or any invested entity and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group or any invested entity. Eligible participants of the 2021 Share Option Scheme include, among others, (i) any employee (whether full-time or part-time) of the Company, any of the subsidiaries and any invested entity; (ii) any Director (including executive, non-executive and independent non-executive Directors) of the Company, any of the subsidiaries or any invested entity; (iii) any supplier of goods or services to any member of the Group or any invested entity; (iv) any customer of the Group or any invested entity; or (v) any business or joint venture partners, contractors, agents or representatives, consultants, advisers or service providers that provides research, development, professional services or other technological support to the Group or any invested entity.

The 2021 Share Option Scheme has a life of 10 years and no options were granted since the date of its adoption.

A summary of the general terms of the 2011 Share Option Scheme and the 2021 Share Option Scheme (the "Share Option Schemes") are as follows:

(i) Maximum number of shares available for issue

The total number of shares which may be issued upon exercise of all options to be granted under the 2021 Share Option Scheme shall not exceed 10% of the shares in issue as at the date of approval of the 2021 Share Option Scheme, provided that the Company may seek approval from Shareholders to refresh such limit. Moreover, the maximum number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Schemes shall not exceed 30% of the shares in issue from time to time.

Up to the date of approval of these consolidated financial statements, the total number of shares available for issue under the 2021 Share Option Scheme is 191,212,300, representing approximately 8.41% of the issued shares of the Company as at the date of this report.

37. SHARE OPTION SCHEMES (continued)

(ii) Grant of share options to connected persons or any of their associates

Share options granted to a connected person (including but not limited to a Director, chief executive or substantial Shareholder of the Company), or to any of its associates, are subject to approval in advance by the independent non-executive Directors (excluding the independent non-executive Director who or whose associate is the grantee of the option). Any share options are proposed to be granted to a connected person who is also 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 and with an aggregate value (based on the closing price of the Company's shares on the date of grant) in excess of HK$5 million, within any 12-month period, are subject to Shareholders' approval in advance in a general meeting.

(iii) Maximum entitlement of each eligible participant

The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant or grantee (including exercised and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the total number of shares of the Company in issue. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

(iv) Time of exercise of options

The exercise period of the share options granted is determinable by the Directors, and ends on a date which is no longer than ten years from the date of grant of the share options.

(v) Acceptance of Offer

The offer of a grant of share options shall be accepted by the grantee within 28 days for 2011 Share Option Scheme and 21 days for 2021 Share Option Scheme from the date of offer when the duplicate letter comprising acceptance of the share option was duly signed by the grantee together with a payment to the Company of HK$1 as nominal consideration of the grant.

(vi) Subscription price for shares

The exercise price of share options shall be determinable by the Directors at its absolute discretion, but in any event will not be less than the highest of: (i) the closing price of the shares on the Stock Exchange as shown in the daily quotations sheets of the Stock Exchange on the offer date, which must be a business day; (ii) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the 5 business days immediately preceding the offer date; and (iii) the nominal value of the share on the offer date.

Share options do not confer rights on the holders to dividends or to vote at Shareholders' meetings.

37. SHARE OPTION SCHEMES (continued)

Movements of share options granted under 2011 Share Option Scheme during the year are as follows:

	2024		2023	
	Weighted average exercise price per share HK$	**Number of shares issuable under options '000**	Weighted average exercise price per share HK$	Number of shares issuable under options '000
As at 1 January	**0.695**	**46,400**	0.695	46,400
Lapsed during the year	**N/A**	**(7,600)**	–	–
At 31 December	**0.473**	**38,800**	0.695	46,400

No options granted under 2011 Share Option Scheme were lapsed or forfeited during the year ended 31 December 2023.

The following options granted under 2011 Share Option Scheme were lapsed during the year ended 31 December 2024:

2024 Number of shares options forfeited/lapsed '000	**Exercise price per share HK$**	**Exercisable period**
7,600	**1.830**	**26-09-2015 to 25-09-2024**

37. SHARE OPTION SCHEMES (continued)

The exercise prices and exercisable periods of the share options granted under 2011 Share Option Scheme outstanding as at the end of the reporting period are as follows:

2024 Number of shares issuable under options '000	**Exercise price per share HK$**	**Exercisable period**
11,100	**0.810**	**18-01-2017 to 27-12-2025**
9,700	**0.810**	**20-01-2017 to 27-12-2025**
18,000	**0.084**	**22-01-2021 to 21-01-2031**
38,800		

2023 Number of shares issuable under options '000	Exercise price per share HK$	Exercisable period
7,600	1.830	26-09-2015 to 25-09-2024
11,100	0.810	18-01-2017 to 27-12-2025
9,700	0.810	20-01-2017 to 27-12-2025
18,000	0.084	22-01-2021 to 21-01-2031
46,400		

At the end of the reporting period, the Company had options outstanding to subscribers for 38,800,000 (2023: 46,400,000) shares under the 2011 Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 38,800,000 (2023: 46,400,000) additional ordinary shares of the Company which would give rise to the total proceeds of approximately HK$18,360,000 (2023: approximately HK$32,268,000).

Up to the date of approval of these consolidated financial statements, the Company had 38,800,000 shares issuable under the options, which represented approximately 1.76% of the Company's shares in issue as at that date.

38. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity set out on pages 62 and 63.

Statutory reserve fund

In accordance with the Company Law of the PRC, the Company's subsidiaries registered in the PRC are required to appropriate 10% of the annual statutory net profit after tax (after offsetting any prior years' losses) to the statutory reserve fund. When the balance of the statutory reserve fund reaches 50% of the entities' registered capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior years' losses or to increase the registered capital. However, such balance of the statutory reserve fund must be maintained at a minimum of 50% of the registered capital of the respective entity after such usages.

39. DISPOSAL OF SUBSIDIARIES

	2024 **HK$'000**	2023 HK$'000
Net cash inflow/(outflow) on disposal of:		
– Apex Magic International Limited and its subsidiaries *(note (a))*	**27,000**	–
– China Cold Chain Co. Limited *(note (b))*	**–**	129
Net cash inflow included in cash flows used in investing activities	**27,000**	129

(a) Disposal of a subsidiary during the year ended 31 December 2024

Disposal of Apex Magic International Limited and its subsidiaries

On 20 November 2024, the Company entered into an agreement with an independent third party to dispose of 100% equity interest and a sales loan of the amount of approximately HK$294,000 in Apex Magic International Limited and its subsidiaries ("Apex Group") for an aggregate cash consideration of HK$27,000,000. The principal activity of Apex Magic International Limited is investment holding. The subsidiaries of Apex Magic International Limited are principally engaged in properties holding. The disposal was completed on 20 November 2024.

39. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of a subsidiary during the year ended 31 December 2024 (continued)

Disposal of Apex Magic International Limited and its subsidiaries (continued)

An analysis of assets and liabilities over which control was lost:

	HK$'000
Assets	
Properties for development	52,800
Deposits	10
Liabilities	
Other payables and accruals	(84)
Amount due to a director	(2,589)
Amount due to ultimate holding company	(294)
Net assets disposed of	49,843

Gain on disposal of subsidiaries

	HK$'000
Cash consideration	27,000
Net assets disposed of	(49,843)
Non-controlling interest	25,011
Sales loan	(294)
Gain on disposal of subsidiaries	1,874

Net cash inflow from the disposal of subsidiary as follows:

	HK$'000
Cash consideration received	27,000
Cash and bank balances disposed of	–
Net cash inflow	27,000

39. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of a subsidiary during the year ended 31 December 2023

Disposal of China Cold Chain Co. Limited

On 31 March 2023, Powerful Force Limited, a subsidiary of the Company, entered into an agreement with an independent third party to dispose of 70% equity interest in a subsidiary, China Cold Chain Co. Limited, for an aggregate cash consideration of HK$2,310,000. China Cold Chain Co. Limited is principally engaged in provision of temperature-controlled storge and ancillary services. The disposal was completed on 30 April 2023.

An analysis of assets and liabilities over which control was lost:

	HK$'000
Assets	
Right-of-use assets	**6,845**
Trade receivables	**762**
Prepayments, deposits and other receivables	**1,963**
Cash and bank balances	**2,181**
Liabilities	
Trade payables	**(690)**
Other payables and accruals	**(1,174)**
Lease liabilities	**(8,109)**
Net assets disposed of	**1,778**

Gain on disposal of subsidiaries

	HK$'000
Cash consideration	**2,310**
Net assets disposed of	**(1,778)**
Non-controlling interest	**529**
Gain on disposal of subsidiary *(note 12)*	**1,061**

39. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of a subsidiary during the year ended 31 December 2023 (continued)

Disposal of China Cold Chain Co. Limited (continued)

Net cash inflow from the disposal of subsidiary as follows:

	HK$'000
Cash consideration received	**2,310**
Cash and bank balances disposed of	**(2,181)**
Net cash inflow	**129**

40. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

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

	Interest payables (included in other payables and accruals) HK$'000	**Bank borrowings** HK$'000	**Leases liabilities** HK$'000	**Total** HK$'000
At 1 January 2023	1,446	13,230	16,726	31,402
Financing cash outflows	–	(18,141)	(9,254)	(27,395)
Finance costs for the year	165	–	810	975
Interest paid included in operating cash flow	(65)	–	–	(65)
Impact on disposal of subsidiaries	–	–	(8,122)	(8,122)
Total changes from cash flow	100	(18,141)	(16,566)	(34,607)
Non-cash changes:				
Bank loans arising from supplier finance arrangement (note 32)	–	11,773	–	11,773
Lease additions/modifications (note 41)	–	–	13,872	13,872
Total non-cash changes	–	11,773	13,872	25,645
At 31 December 2023	1,546	6,862	14,032	22,440
Financing cash outflows	–	(7,268)	(9,143)	(16,411)
Finance costs for the year	–	–	680	680
Interest paid included in operating cash flow	(1,546)	–	–	(1,546)
Total changes from cash flows	(1,546)	(7,268)	(8,463)	(17,277)
Non-cash changes:				
Bank loans arising from supplier finance arrangement (note 32)	–	406	–	406
Lease modification (note 41)	–	–	4,343	4,343
Total non-cash changes	–	406	4,343	4,749
At 31 December 2024	**–**	**–**	**9,912**	**9,912**

41. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$4,343,000 and HK$4,343,000, respectively, in respect of the lease modifications for office premises.

During the year ended 31 December 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$13,872,000 and HK$13,872,000, respectively, in respect of the lease additions and lease modifications for office premises.

42. CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 December 2024 and 2023.

43. RELATED PARTY TRANSACTIONS

(i) In addition to the transactions and balances with related parties detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

	Notes	**2024** **HK$'000**	2023 HK$'000
Substantial shareholders:			
Consultancy fee	(a)	**–**	(10)
Commission income	(a)	**345**	355
Non-controlling interests:			
Advertising fee	(b)	**3,828**	–

Notes:

(a) Consultancy fee paid to and commission income received from substantial shareholders were made on mutually agreed terms.

(b) Advertising fee paid to a company under control by a non-controlling interests individual was made on mutually agreed terms.

(ii) Compensation of key management personnel of the Group

Further details of directors' and the chief executive's remuneration are included in note 13 to these consolidated financial statements.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2024

	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Financial assets			
Financial assets at fair value through other comprehensive income	183,494	–	183,494
Trade receivables	–	69,957	69,957
Financial assets included in prepayments, deposits and other receivables	–	65,336	65,336
Cash held on behalf of clients	–	223,522	223,522
Cash and bank balances	–	389,388	389,388
	183,494	738,843	931,697

	Financial liabilities at amortised cost HK$'000
Financial liabilities	
Trade payables	335,483
Financial liabilities included in other payables and accruals	11,797
Lease liabilities	9,912
	357,192

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2023

	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at amortised cost HK$'000	Total HK$'000
Financial assets			
Financial assets at fair value through other comprehensive income	30,882	–	30,882
Trade receivables	–	81,666	81,666
Financial assets included in prepayments, deposits and other receivables	–	55,197	55,197
Cash held on behalf of clients	–	48,617	48,617
Cash and bank balances	–	358,310	358,310
	30,882	543,790	574,672

	Financial liabilities at amortised cost HK$'000
Financial liabilities	
Trade payables	123,327
Financial liabilities included in other payables and accruals	5,793
Bank borrowings	6,862
Amounts due to non-controlling interests	1,083
Lease liabilities	14,032
	151,097

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments include pledged bank deposits, cash and bank balances and financial assets at fair value through other comprehensive income. The Group has various other financial assets and liabilities such as loan and interest receivables, trade receivables, financial assets included in prepayments, deposits and other receivables, cash held on behalf of clients, trade payables, financial liabilities included in other payables and accruals, bank borrowings, lease liabilities, and amounts due to non-controlling interests, which arise directly from its operations.

The Group has not entered into derivative transactions, including principally foreign currency forward contracts throughout the current year under review.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. Generally, the Group introduces prudent strategies on its risk management. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank deposits with floating interest rates and bank borrowings which carried interest at floating interest rates. The Group regularly reviews and monitors the floating interest rate in order to manage its interest rate risks. The directors have reviewed the Group's interest-bearing financial instruments and determined that the Group has no significant interest rate risk.

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2024 would decrease/increase by HK$3,064,000 (2023: decrease/increase by HK$2,000,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank deposits (2023: bank deposits and bank borrowings).

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sale and purchase transactions and cash and bank balances denominated in currencies other than the functional currencies of the group entities, mainly being United States dollars ("US$") and RMB.

The following table demonstrates the sensitivity at the end of the reporting period to the reasonably possible change in the RMB exchange rates, with all other variables held constant, of the Group's loss before tax.

	Decrease/(increase) in loss before tax	
	2024 HK$'000	2023 HK$'000
If HK$ strengthens against RMB by 5%	**59**	58
If HK$ weakens against RMB by 5%	**(59)**	(58)

Credit risk

The Group is exposed to credit risk for its financial assets and the Group's maximum exposure to credit risk in relation to financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group considers the probability of default upon initial recognition of financial assets which principally represented trade receivables and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, having considered available reasonable and supportive forwarding-looking information. The following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor/customer;
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in the operating results of the customer.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

(i) Financial assets included in prepayments, deposits and other receivables

The Group uses four categories for receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	**Group's definition of categories**	**Basis for recognition of expected credit loss provision**
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 90 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are two years past due and there is no reasonable expectation of recovery	Asset is written off

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

In accordance with the Group's internal credit rating assessment, financial assets included in prepayments, deposits and other receivables are "performing" and 12 months expected losses method is applicable to these receivables.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

(ii) Loan and interest receivables

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group's definition of categories	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 90 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are two years past due and there is no reasonable expectation of recovery or borrowers are bankruptcy	Asset is written off

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

In accordance with the Group's internal credit rating assessment, most of the loan and interest receivables are "Non-performing" and lifetime expected losses method is applicable to these receivables. A reversal of allowance for loan and interests receivables was recognised for the year amounted to HK$757,000 (2023: A reversal of allowance for loan and interests receivables was recognised amounted to HK$1,536,000). No loss allowance for factoring receivables was recognised.

The Group has significant concentration of credit risk in relation to loan and interest receivables as approximately 100% (2023: 85%) and 100% (2023: 100%) of such receivables are due from one borrower and the top three borrowers respectively.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

(iii) Trade receivables and contract assets

The Group applies the simplified approach to provide for expected credit losses for trade receivables arising from other business and contract assets prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for these receivables.

The loss allowance for trade receivables arising from other business as at 31 December 2024 was determined as follows:

	Not past due	0-30 days past due	More than 30 days past due	Total
31 December 2024				
Expected loss rate	**0.01%-0.34%**	**0.05%-0.35%**	**0.05%-62.34%**	
Gross carrying amount (HK$'000)	**45,669**	**12,623**	**6,166**	**64,458**
Loss allowance (HK$'000)	**48**	**34**	**1,431**	**1,513**

The loss allowance for trade receivables arising from other business as at 31 December 2023 was determined as follows:

	Not past due	0-30 days past due	More than 30 days past due	Total
31 December 2023				
Expected loss rate	**0%-5%**	**5%**	**5%-100%**	
Gross carrying amount (HK$'000)	**36,963**	**27,347**	**9,420**	**73,730**
Loss allowance (HK$'000)	**347**	**1,299**	**1,107**	**2,753**

There is no loss allowance recognised for contract assets as at 31 December 2024 and 2023.

The above expected credit losses also incorporated forward looking information.

The credit quality of the debtors is assessed based on their financial positions, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors. As at 31 December 2024, the Group had a concentration of credit risk given that the top customer and top 5 customers accounted for 6% and 22% (2023: 5% and 20%) respectively of the Group's total year end trade receivables balance and the Group had no significant concentration of credit risk arising from contract assets (2023: Nil). However, the Group concluded that the credit risk in relation to these customers was not significant because there was no history of default of the customers in recent years. The Group's historical experience in collection of receivables fell within recorded allowance and the directors did not expect any major impairment on trade receivables, and receivables from other counterparties.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

(iv) Cash at bank and bank deposits

The table below shows the details of bank deposit balances maintained at the end of the reporting period:

	Rating	**2024 HK$'000**	2023 HK$'000
Cash at banks and bank deposits	Baa2-Aa1	**389,388**	358,310
Cash held on behalf of clients	A2-Aa2	**223,522**	48,617

The rating represents long-term credit rating provided by Moody's, an internationally recognised credit rating agency. Credit rating with a minimum of "Baa2" are judged to be upper-medium grade and are subject to low credit risk under the rating regime of Moody's. Given that significant portion of the bank deposits are placed with banks that are independently rated with high credit rating with no default history in past years, management of the Group considers that the credit risk on the bank balances and bank deposits is limited.

Liquidity risk

The Group aims at maintaining a balance between continuity of funding and flexibility through maintaining sufficient cash and cash equivalents and available banking facilities. The directors have reviewed the Group's working capital and capital expenditure requirements and determined that the Group has no significant liquidity risk.

As disclosed in note 32, the Group has entered into certain supplier finance arrangements with banks, under which the Group obtained extended credit in respect of the invoice amounts owed to certain suppliers. This results in the Group being required to settle a larger amount with a single counterparty, rather than smaller amounts with several counterparties. However, the amounts of payable subject to the arrangements are limited.

To manage liquidity risk, the Group regularly monitors its current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and financial institutions to meet its liquidity requirements in the short and longer term. The directors are of the opinion that the Group will be able to finance its future working capital and financial requirements.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's non-derivative financial liabilities and derivative financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

At 31 December 2024	**Within 1 year HK$'000**	**More than 1 Year but less than 5 years HK$'000**	**More than 5 years HK$'000**	**Total undiscounted cash flows HK$'000**	**Carrying amount HK$'000**
Non-derivative financial liabilities					
Trade payables	**335,483**	**–**	**–**	**335,483**	**335,483**
Financial liabilities included in other payables and accruals	**11,797**	**–**	**–**	**11,797**	**11,797**
Lease liabilities	**7,228**	**3,107**	**–**	**10,335**	**9,912**
	354,508	**3,107**	**–**	**357,615**	**357,192**

At 31 December 2023	Within 1 year HK$'000	More than 1 Year but less than 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities					
Trade payables	123,327	–	–	123,327	123,327
Financial liabilities included in other payables and accruals	5,793	–	–	5,793	5,793
Bank borrowings	6,862	–	–	6,862	6,862
Amounts due to non-controlling interests	1,083	–	–	1,083	1,083
Lease liabilities	8,291	4,926	1,658	14,875	14,032
	145,356	4,926	1,658	151,940	151,097

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Offsetting financial assets and financial liabilities

The following tables present details of financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements.

	Financial assets/liabilities subject to offsetting					
				Related amounts not offset in the statement of financial position		
	Gross amount of recognised financial assets HK$'000	Gross amount of recognised financial liabilities offset in the statement of financial position HK$'000	Net amount of financial assets presented in the statement of financial position HK$'000	Financial instruments other than cash collateral HK$'000	Cash collateral received HK$'000	Net amount HK$'000
At 31 December 2024						
Type of financial assets						
Trade receivables from clearing house (HKSCC)	**5,580**	**(449)**	**5,131**	**–**	**–**	**5,131**
At 31 December 2023						
Type of financial assets						
Trade receivables from clearing house (HKSCC)	754	(754)	–	–	–	–

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Offsetting financial assets and financial liabilities (continued)

	Financial assets/liabilities subject to offsetting					
				Related amounts not offset in the statement of financial position		
	Gross amount of recognised financial liabilities HK$'000	Gross amount of recognised financial assets offset in the statement of financial position HK$'000	Net amount of financial liabilities presented in the statement of financial position HK$'000	Financial instruments other than cash collateral HK$'000	Cash collateral received HK$'000	Net amount HK$'000
At 31 December 2024						
Type of financial liabilities						
Trade payables to clearing house (HKSCC)	**832**	**(449)**	**383**	**–**	**–**	**383**
At 31 December 2023						
Type of financial liabilities						
Trade payables to clearing house (HKSCC)	754	(754)	–	–	–	–

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital using a current ratio, which is total current assets divided by total current liabilities. The Group's policy is to keep the current ratio above 1.

46. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis.

The Group's equity securities listed in Hong Kong and unlisted investment fund included in financial assets at FVTOCI are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets at 31 December 2024 and 2023 were determined (in particular, the valuation technique(s) and inputs used).

Financial assets	**Fair value as at**		**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
	31 December 2024 HK$'000	31 December 2023 HK$'000		
Financial assets at FVTOCI				
Equity securities listed in Hong Kong	**15,180**	12,570	Level 1	Quoted bid prices in an active market
Unlisted investment fund	**168,314**	18,312	Level 2	Proportion of net asset value which underlying assets are with quoted bid price in active market

46. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis. (continued)

The fair value of all the equity securities listed in Hong Kong at 31 December 2024 was measured based on the quoted bid price as at 31 December 2024, being the last trading date of the securities for the year ended 31 December 2024 (2023: same).

The fair value of unlisted investment fund at 31 December 2024 was measured based on the valuation performed by fund managers by reference of the proportion of their respective net assets value which underlying assets are with quoted bid price in active market (2023: same).

There were no transfers between Level 1 and 2 in the year ended 31 December 2024.

(b) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis but fair value disclosures are required.

The directors considered that the carrying amounts of financial assets and financial liabilities at amortised cost in the consolidated financial statements approximated their fair values. The fair values, which were included in Level 3 categories were determined in accordance with generally accepted pricing models based on a discounted cash flows analysis, with the most significant inputs being the discount rate that reflected the credit risk of counterparties.

(c) Reconciliation of Level 3 fair value measurements

The Group's financial assets and financial liabilities carried at fair value were measured at fair value on Level 1 and Level 2 fair value measurement. Reconciliation of Level 3 fair value measurement is not presented.

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**114,197**	156,456
Interest in a joint venture	**996**	996
	115,193	157,452
CURRENT ASSETS		
Prepayments, deposits and other receivables	**1,813**	6,142
Amounts due from subsidiaries	**77,685**	110,831
Cash and bank balances	**26,968**	95,720
	106,466	212,693
CURRENT LIABILITIES		
Other payables and accruals	**535**	90
	535	90
NET CURRENT ASSETS	**105,931**	212,603
TOTAL ASSETS LESS CURRENT LIABILITIES	**221,124**	370,055
	221,124	370,055
EQUITY		
Share capital	**22,034**	22,741
Reserves *(note)*	**199,090**	347,314
	221,124	370,055

The Company's statement of financial position was approved and authorised for issue by the board of directors on 28 March 2025 and is signed on its behalf by:

Lau Ka Ho *Director*	**Chan Hoi Tik** *Director*

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium HK$'000	Treasury shares HK$'000	Share option reserve HK$'000	Capital reserve HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	707,705	–	36,340	(5,478)	20	(378,641)	359,946
Loss for the year	–	–	–	–	–	(12,309)	(12,309)
Total comprehensive expense for the year	–	–	–	–	–	(12,309)	(12,309)
Acquisition of treasury shares	–	(323)	–	–	–	–	(323)
At 31 December 2023	707,705	(323)	36,340	(5,478)	20	(390,950)	347,314
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(145,234)**	**(145,234)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**(145,234)**	**(145,234)**
Acquisition of treasury shares	**–**	**(3,697)**	**–**	**–**	**–**	**–**	**(3,697)**
Cancellation of treasury shares	**(3,313)**	**4,020**	**–**	**–**	**–**	**–**	**707**
Lapsed of share options	**–**	**–**	**(5,466)**	**–**	**–**	**5,466**	**–**
At 31 December 2024	**704,392**	**–**	**30,874**	**(5,478)**	**20**	**(530,718)**	**199,090**

The capital reserve represents the excess of the nominal value of the Company's shares issued in exchange therefor over the then net asset value of the subsidiaries acquired.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay off its debts as and when they fall due in the ordinary course of business.

48. SUBSIDIARIES

(a) General information of subsidiaries

The following table lists principal subsidiaries of the Company as at 31 December, 2024 and 2023 which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of all other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

48. SUBSIDIARIES (continued)

(a) General information of subsidiaries (continued)

Particulars of the Group's principal subsidiaries are as follows:

Name	Principal activities	Place of incorporation/ establishment and operations	Issued ordinary share capital/ paid-up registered capital	Proportion of ownership interest and voting power held by the Group Directly		Indirectly	
				2024	2023	**2024**	2023
Chance Billion Limited	Investment holdings	BVI	US$1 (2023: US$1)	**100%**	100%	**–**	–
PFH Finance Limited	Money lending	Hong Kong	HK$2 (2023: HK$2)	**–**	–	**100%**	100%
Ayasa Globo Financial Services (BVI) Limited ("Ayasa Globo (BVI)")	Investment in holdings	BVI	US$100 (2023: US$100)	**–**	–	**60%**	60%
Ayasa Globo Financial Services Limited	Provision of professional service	Hong Kong	HK$1 (2023: HK$1)	**–**	–	**60%**	60%
Future Growth Financial Services Limited ("FGFS")	Dealing in securities and dealing in futures contracts	Hong Kong	HK$200,000,000 (2023: HK$100,000,000)	**–**	–	**100%**	100%
Future Growth Asset Management Limited ("FGAM")	Advising on securities and asset management	Hong Kong	HK$298,000 (2023: HK$298,000)	**–**	–	**100%**	100%
Advance Global Food Limited	Sale of frozen food and beverage products and provision of related services	Hong Kong	HK$20,000,000 (2023: HK$20,000,000)	**–**	–	**100%**	100%
Golden Yarn Limited*	Provision for data analysis services	Hong Kong	HK$10,000 (2023: HK$10,000)	**–**	–	**Nil**	100%
Jumbo Excel Investment Corporation ("Jumbo Excel")	Investment holdings	BVI	US$2 (2023: US$2)	**–**	–	**Nil**	50%
Grand Ray Investment Limited ("Grand Ray")	Properties redevelopment	Hong Kong	HK$1 (2023: HK$1)	**–**	–	**Nil**	50%

* Dissolved by deregistration on 27 September 2024

48. SUBSIDIARIES (continued)

(a) General information of subsidiaries (continued)

Name	Principal activities	Place of incorporation/ establishment and operations	Issued ordinary share capital/ paid-up registered capital	Proportion of ownership interest and voting power held by the Group Directly		Indirectly	
				2024	2023	**2024**	2023
Regent Way Limited ("Regent Way")	Properties redevelopment	Hong Kong	HK$1 (2023: HK$1)	**–**	–	**Nil**	50%
Speedy Maker Limited ("Speedy Maker")	Properties redevelopment	Hong Kong	HK$1 (2023: HK$1)	**–**	–	**Nil**	50%
Earn Rich Properties Limited	Investment holdings	Hong Kong	HK$1 (2023: HK$1)	**–**	–	**100%**	100%
Nice Source Properties Limited	Properties holdings	Hong Kong	HK$10,000 (2023: HK$10,000)	**–**	–	**100%**	100%

* Dissolved by deregistration on 27 September 2024

Notes:

1. The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

2. None of the subsidiaries had issued any debt securities at the end of the year.

Major changes in the subsidiaries of the Group during the years ended 31 December 2024 and 2023 are summarised as follows:

(i) During the year ended 31 December 2023, the Group disposed 70% equity interest in a subsidiary, China Cold Chain Co. Limited with HK$2,310,000 as consideration, details of which are set out in note 39(b).

(ii) During the year ended 31 December 2024, the Group disposed 100% equity interest in a subsidiary, Apex Magic International Limited with HK$27,000,000 as consideration, details of which are set out in note 39(a).

48. SUBSIDIARIES (continued)

(b) Summarised financial information on subsidiaries with material non-controlling interests

The table below shows details of subsidiaries with material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Ayasa Globo (BVI) and its subsidiaries	Note (a) below	**40%**	40%	**2,906**	3,194	**5,641**	4,443
Jumbo Excel and its subsidiaries	Note (b) below	**–**	50%	**–**	(3,626)	**–**	29,673
China Cold Chain	Note (c) below	**–**	–	**–**	(147)	**–**	–

Notes:

(a) Ayasa Globo (BVI) was incorporated in the British Virgin Islands. The subsidiaries of Ayasa Globo (BVI) were incorporated and are operating in Hong Kong and Singapore. Ayasa Globo (BVI) and its subsidiaries are principally engaged in the provision of professional services such as fund setup and administration, legal and tax consultancy and co-ordination, corporate and accounting services, trust and fiduciary services.

(b) Jumbo Excel was incorporated in the British Virgin Islands. The subsidiaries of Jumbo Excel were incorporated in and are operating in Hong Kong. Jumbo Excel and its subsidiaries are principally engaged in properties holding.

(c) China Cold Chain was incorporated in Hong Kong and is principally engaged in provision of frozen warehouse services business.

Set out below are the summarised consolidated financial information for subsidiaries of the Group that have material non-controlling interests.

48. SUBSIDIARIES (continued)

(b) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised consolidated statement of financial position

	Jumbo Excel and its subsidiaries		China Cold Chain Co. Limited		Ayasa Globo (BVI) and its subsidiaries	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Non-current assets	**–**	62,000	**–**	–	**5,199**	6,795
Current assets	**–**	10	**–**	–	**72,553**	49,383
Current liabilities	**–**	(2,666)	**–**	–	**(71,946)**	(45,205)
Non-current liabilities	**–**	–	**–**	–	**–**	(1,106)
Net assets/(liabilities)	**–**	59,344	**–**	–	**5,806**	9,867
Proportion of non-controlling interests' ownership	**–**	29,673	**–**	–	**3,099**	4,443

Summarised consolidated statement of profit or loss and other comprehensive income

	Jumbo Excel and its subsidiaries		China Cold Chain Co. Limited		Ayasa Globo (BVI) and its subsidiaries	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Revenue and other income	**–**	–	**–**	1,875	**74,100**	69,544
Expenses	**(9,042)**	(7,251)	**–**	(2,363)	**(66,835)**	(62,501)
(Loss)/profit for the year	**(9,042)**	(7,251)	**–**	(488)	**7,265**	7,043
(Loss)/profit for the year allocated to non-controlling interest	**(4,662)**	(3,626)	**–**	(147)	**2,906**	3,194
Total comprehensive (expense)/income	**(9,042)**	(7,251)	**–**	(488)	**7,265**	7,043
Total comprehensive (expense)/income allocated to non-controlling interests	**(4,662)**	(3,626)	**–**	(147)	**2,906**	3,194

48. SUBSIDIARIES (continued)

(b) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised consolidated statement of cash flows

	Jumbo Excel and its subsidiaries		China Cold Chain Co. Limited		Ayasa Globo (BVI) and its subsidiaries	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Net cash inflow/(outflow) from operating activities	**–**	–	**–**	–	**16,555**	2,736
Net cash inflow/(outflow) from investing activities	**–**	–	**–**	–	**(12)**	(907)
Net cash (outflow)/inflow from financing activities	**–**	–	**–**	–	**(14,974)**	(8,687)
Net cash inflow	**–**	–	**–**	–	**1,569**	(6,858)

SUMMARY FINANCIAL INFORMATION

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years prepared on the basis set out in the notes below.

RESULTS

	Year ended 31 December				
	2024 HK$'000	2023 HK$'000	2022 HK$'000 (re-presented)	2021 HK$'000	2020 HK$'000
Revenue from continuing operations	**508,478**	517,429	498,517	602,689	475,200
Loss before income tax from continuing operations	**(51,189)**	(30,983)	(59,620)	(867)	(26,130)
Income tax expense from continuing operations	**(5,197)**	(4,067)	(2,407)	(1,968)	(5,111)
Loss for the year from continuing operations	**(56,386)**	(35,050)	(62,027)	(2,835)	(31,241)
Profit/(loss) for the year from discontinued operations	**–**	573	(38,771)	(97,049)	(18,714)
	(56,386)	(34,477)	(100,798)	(99,884)	(49,955)
Attributable to:					
Equity holders of the Company (including discontinued operations)	**(53,728)**	(38,748)	(88,857)	(104,891)	(45,452)
Non-controlling interests (including discontinued operations)	**(2,658)**	4,271	(11,941)	5,007	(4,503)
	(56,386)	(34,477)	(100,798)	(99,884)	(49,955)

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	**1,085,025**	810,792	913,430	1,536,565	1,694,825
Total liabilities	**(388,073)**	(177,109)	(254,280)	(748,686)	(839,405)
Non-controlling interests	**2,197**	34,116	33,916	52,677	51,416
	699,149	667,799	693,066	840,556	906,836

For the year ended 31 December 2023, the Group announced the disposal of its business of provision of temperature-controlled storage and ancillary services. Such business operation is then classified as discontinued operation.

The summary above does not form part of the audited financial statements.

PARTICULARS OF MAJOR PROPERTIES

INVESTMENT PROPERTIES

Location	Existing use	Type of lease
Workshops Nos.1,2,3,4,5,13,14,15,16,17,18, 19,20,21,22 of Workshop C6 on G/F of Block C, Hong Kong Industrial Centre, Nos. 489-491 Castle Peak Road, Kowloon	Industrial	Medium term