CHINA TRENDS HOLDINGS LIMITED

中國趨勢控股有限公司

(incorporated in the Cayman Islands with limited liability)

2024

ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
Mr. Xiang Xin *(Chairman of the Board and Chief Executive Officer)*
Mr. Chan Cheong Yee

ALTERNATE DIRECTOR
Ms. Kung Ching, alternate director to
Mr. Xiang Xin

COMPLIANCE OFFICER
Mr. Xiang Xin

COMPANY SECRETARY
Ms. Chi Yee Shan, Esa (Resigned on 1 July 2024)
Ms. Choi Yan Ting (Appointed on 1 July 2024)

AUTHORISED REPRESENTATIVES
Mr. Xiang Xin
Ms. Chi Yee Shan, Esa (Resigned on 1 July 2024)
Ms. Choi Yan Ting (Appointed on 1 July 2024)

REGISTERED OFFICE
Sinclair Group Centre
3rd Floor Genesis Building, Genesis Close
P.O. Box 498, George Town
Grand Cayman KY1-1106
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
26/F, No. 9 Des Voeux Road West
Sheung Wan
Hong Kong

PRINCIPAL BANKERS
Bank of China
China Merchants Bank
Huaxia Bank

PRINCIPAL SHARE REGISTER 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 REGISTER AND TRANSFER OFFICE
Union Registrars Limited
Suites 3301-04
33/F, Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

AUDITOR
A & P CPA Co.

LEGAL ADVISERS
As to Cayman Islands Law
Sinclair Corporate Services Ltd

As to Hong Kong Law
Michael Li & Co

WEBSITE
www.8171.com.hk

CHAIRMAN'S STATEMENT

On behalf of the Board (the"Board") of directors (the "Directors") of China Trends Holdings Limited (the "Company"), I am pleased to present you the audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2024.

FINANCIAL REVIEW

During the year ended 31 December 2024, the Group recorded a revenue of approximately HK$20,000 (2023: approximately HK$68,250,000), representing a decrease of 99.97% as compared to that of previous year. The reason for decrease of revenue is due to shifting of Company's focus to investment holding business after the acquisition of interest in China Innovation Investment Limited.

During the year ended 31 December 2024, the Group recorded a cost of sales of approximately HK$8,000 (2023: approximately HK$66,284,000), representing a decrease of approximately 99.99% as compared to that of previous year.

The Group's gross profit decreased to approximately HK$12,000 for the year ended 31 December 2024 from approximately HK$1,966,000 for the year ended 31 December 2023, representing a decrease of approximately 99.39% as compared to that of previous year.

During the year ended 31 December 2024, the Group's other income and gains or loss, net recorded gain of approximately HK$5,705,000 (2023: net recorded gain of approximately HK$153,000), representing an increase of approximately 3,628.76% as compared to that of previous year.

During the year ended 31 December 2024, the Group recorded share of result of an associate of gain of approximately HK$1,492,000 (2023: share of loss of approximately HK$1,447,000), mainly due to the improvement of the associate's performance.

Loss attributable to owners of the Company for the year ended 31 December 2024 was approximately HK$27,139,000 (2023: profit of approximately HK$27,664,000). The change of profit to loss is mainly due to the full year impact of the imputed interest expense on promissory note and the increase in impairment of receivables.

Non-GAAP Financial Measures

To supplement the consolidated financial results presented in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), the Group uses the following measures defined as Non-GAAP financial measures:

Non-GAAP loss is loss for the years ended 31 December 2023 and 2024 excluding bargain purchase gain, imputed interest expense on promissory note, litigation fee for judicial review for listing status resumption, unrealised loss on exchange difference and impairment loss on receivables.

The presentation of these Non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with HKFRSs. For more information on this Non-GAAP financial measures, please see the table captioned "Unaudited reconciliations of Non-GAAP measures to the most comparable HKFRS measures" set forth below.

CHAIRMAN'S STATEMENT

The Group believes that these Non-GAAP financial measures provide meaningful supplemental information regarding its performance and liquidity by excluding bargain purchase gain, imputed interest expense on promissory note, litigation fee for judicial review for listing status resumption, unrealised loss on exchange difference and impairment loss on receivables that are non-recurring expenses.

The Group believes that both management and investors benefit from referring to these Non-GAAP financial measures in assessing its performance and when planning and forecasting future periods. These Non-GAAP financial measures also facilitate management's internal comparisons to the Group's historical performance and liquidity.

The Group believes these Non-GAAP financial measures are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision making. A limitation of using Non-GAAP loss is that these Non-GAAP measures exclude bargain purchase gain, imputed interest expense on promissory note, litigation fee for judicial review for listing status resumption, unrealised loss on exchange difference and impairment loss on receivables that may not continue to be in the foreseeable future recurring expenses in our business. Management compensates for these limitations by providing specific information regarding the amounts excluded from each Non-GAAP measure.

Unaudited Reconciliation of Non-GAAP Measures to The Most Comparable HKFRS Measures

	For the year ended 31 December 2024 HK$'000	For the year ended 31 December 2023 HK$'000
(Loss)/profit for the year	**(27,242)**	27,665
Bargain purchase gain	**–**	(40,752)
Imputed interest expense on promissory note	**18,539**	4,479
Litigation fee for judicial review for listing status resumption	**165**	675
Unrealised loss on exchange difference	**–**	1,361
Impairment loss on receivables	**5,706**	1,502
Non-GAAP net loss	**(2,832)**	(5,070)

The Non-GAAP net loss for the year ended 31 December 2024 was approximately HK$2,832,000 after excluding the above non-recurring expenses, representing a decrease of approximately 44.14% as compared to the previous year.

OPERATIONAL REVIEW

The principal activity of the Company is investment holding. The Group is principally engaged in (i) trading of electronic technology and related products, and (ii) media and e-commerce and media advertising services.

OUTLOOK AND PROSPECT

Following the acquisition of interest in China Innovation Investment Limited, the Group shifted its focus to investment holding business. Looking ahead, the Group will continue to review its investments and business opportunities. The Company's Directors and management will dedicate their best effort to lead the Group to strive for the best interests for its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND GEARING

The Group continued to finance its operation and capital expenditure through internally generated fund, and support certain product solutions development and business expansion. As at 31 December 2024, the Group maintained a healthy liquidity position, and total cash and bank balances amounted to approximately HK$58,356,000 (2023: HK$64,054,000) with no pledged deposit placed in banks for securing any borrowings or bank facilities.

CAPITAL STRUCTURE AND FLUCTUATION IN FOREIGN EXCHANGE

Details in the changes of the capital structure of the Company for the year ended 31 December 2024 are set in note 20 to the consolidated financial statements. The share capital of the Group comprised only ordinary shares as at 31 December 2024.

The Group had transactional currency exposures as the sales and purchases of the Group were mainly transacted in Renminbi. As at 31 December 2024, substantial portion of the assets and liabilities of the Group were current in nature, and the amount were principally denominated in Renminbi and Hong Kong dollars, so foreign exchange risk was considered to be minimal.

CHARGE, CONTINGENT LIABILITIES AND COMMITMENTS

As at 31 December 2024, save for those disclosed in this annual report, the Group had no asset under operating lease (2023: nil) and there were no charges on any assets of the Group. As at 31 December 2024, the Group had no capital commitments (2023: nil). The Group did not have any contingent liabilities at the end of the reporting year.

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The subsidiaries of the Group are principally engaged in (i) trading of electronic technology and related products, and (ii) media and e-commerce and media advertising services.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2024 and the state of affairs of the Group at that date are set out in the financial statements on pages 14 to 62. The Directors do not recommend the payment of any dividend in respect of the year.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 11 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital during the year are set out in note 20 to the consolidated financial statements. Details of movements in the Company's share options during the year are set out in note 21 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity and in note 22 to the consolidated financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for 100% of the total sales for the year and sales to the largest customer included therein accounted for 100%. Purchases from the Group's five largest suppliers accounted for 100% of the total purchases for the year and purchases from the largest supplier included therein accounted for 100%.

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

DIRECTORS' REPORT

DIRECTORS

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

Executive Directors:
Mr. Xiang Xin
Mr. Chan Cheong Yee

Alternate Director:
Ms. Kung Ching

According to Article 87(1), one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. In addition, according to Article 86(3), any Director appointed by the Board shall hold office only until the next following general meeting of the Company and shall then be eligible for reelection.

In accordance with article 87(1) of the Articles of Association of the Company, Mr. Xiang Xin and Mr. Chan Cheong Yee shall retire by rotation at the annual general meeting of the Company, and offer themselves for reelection at the forthcoming annual general meeting of the Company.

DIRECTOR BIOGRAPHICAL INFORMATION

EXECUTIVE DIRECTORS

Mr. Xiang Xin ("Mr. Xiang"), born in 1963, is the Chairman of the Board and chief executive officer ("Chief Executive Officer") of the Company. Mr. Xiang once worked in a number of large organizations in the PRC and engaged in technology project management and corporate strategy research for a long time. Mr. Xiang also possesses many years of experience in project investment and information technology businesses. Mr. Xiang holds a bachelor's degree in science and a masters degree in engineering from Nanjing University of Science & Technology. Mr. Xiang is a chairman of China Technology Education Trust Association.

Mr. Xiang is currently a chairman of the board of director, chief executive officer and executive director of China Innovation Investment Limited (stock code: 1217), a company listed on the main board of the Stock Exchange. Mr. Xiang joined the Company on 25 February 2008.

DIRECTORS' REPORT

Mr. Chan Cheong Yee ("Mr. Chan"), born in 1964, holds a bachelor degree of science majoring in finance and he is a registered and licensed person under the Securities and Futures Ordinance to carry on regulated activities in dealing in securities, advising on securities, dealing in futures contracts and undertaking asset management. Mr. Chan is currently the managing director of asset management of Evergrande Securities (Hong Kong) Limited and has been in the financial and investment field for over 30 years. Mr. Chan is directly involved in identifying investment opportunities, conducting due diligence, performing valuation, monitoring performance of investment portfolios and providing investment and divestment recommendations. Mr. Chan is an executive director of China Investment and Finance Group Limited, executive director of China Investment Development Limited, executive director of Capital VC Limited, executive director of China New Economy Fund Limited, an executive director of China Innovation Investment Limited and an executive director of Goldstone Investment Group Limited, which are listed on the main board respectively. Mr. Chan joined the Company in 14 February 2016.

ALTERNATE DIRECTOR

Ms. Kung Ching ("Ms. Kung"), born in 1969, graduated from Nanjing University of Science and Technology and holds a MBA degree from the University of South Australia. Ms. Kung once worked for large organizations in China, such as China National Defense Science and Technology Information Centre and CITIC International Cooperation Limited, engaged in technology management and economic management for many years. Ms. Kung is the spouse of Mr. Xiang, and is an alternate director to Mr. Xiang in China Innovation Investment Limited, a company listed on the main board of the Stock Exchange. Ms. Kung joined the Company on 8 October 2012.

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company has entered into a service contract with the Company and they are not appointed for a specific term. Their appointment will be subject to retirement and re-election by the shareholders pursuant to the articles of association of the Company.

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

DIRECTORS' REMUNERATION

The Directors' remuneration are subject to the authority granted by the shareholders of the Company to the Board to fix their remuneration or shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from those details in note 8 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' REPORT

MANAGEMENT CONTRACTS

Apart from those details in note 23 to the consolidated financial statements, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into or existed during the year.

AUDITOR

The consolidated financial statements for the year ended 31 December 2024 and 2023 have been audited by A & P CPA Co..

A resolution for the re-appointment of A & P CPA Co., as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

ON BEHALF OF THE BOARD

Xiang Xin
Chairman and Chief Executive Officer

Hong Kong, 15 July 2025

INDEPENDENT AUDITORS' REPORT

A & P CPA Co.

Certified Public Accountants

TO THE SHAREHOLDERS OF CHINA TRENDS HOLDINGS LIMITED

中國趨勢控股有限公司

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Trends Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 14 to 62, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

INDEPENDENT AUDITORS' REPORT

KEY AUDIT MATTERS

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

Impairment assessment of trade and other receivables

Refer to Notes 15 and 25 to the consolidated financial statements.

In assessing the loss allowance made under the expected credit loss ("ECL") model, the management of the Group used judgements and estimates to determine the historical credit loss experience and forward-looking information specific to the debtors and their economic environments. The impairment assessment on trade and other receivables are significant to our audit because the balance of trade and other receivables of approximately HK$2,122,000 and HK$22,644,000 respectively as at 31 December 2024 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

– Evaluating the design and effectiveness of impairment assessment process adopted by the Group;

– Assessing the appropriateness of the expected credit losses provisioning methodology;

– Assessing the Group's relationship and transaction history with the customers;

– Testing the accuracy of the ageing of the debts;

– Assessing creditworthiness of the customers by discussion with management, obtaining settlement profile of the customers and collaborated by checking subsequent settlements from the customers; and

– Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for trade and other receivables is supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the Other Information. The Other Information comprises all of the information included in the Company's annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITORS' REPORT

RESPONSIBILITIES OF DIRECTORS 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

A & P CPA Co.
Certified Public Accountants
Hong Kong, 15 July 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
REVENUE	5	**20**	68,250
Cost of sales		**(8)**	(66,284)
Gross profit		**12**	1,966
Other income and gains or losses, net	5	**5,705**	153
Bargain purchase gain	14	**–**	40,752
Impairment loss on other receivables		**(5,706)**	(1,502)
Administrative and other operating expenses		**(10,079)**	(7,643)
Share of result of an associate		**1,492**	(1,447)
Finance costs	6	**(18,666)**	(4,614)
(LOSS) PROFIT BEFORE TAX	7	**(27,242)**	27,665
Income tax expense	9	**–**	–
(LOSS) PROFIT FOR THE YEAR		**(27,242)**	27,665
OTHER COMPREHENSIVE EXPENSE			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(2,859)**	(2,283)
Share of other comprehensive expense of an associate		**(2,971)**	(5,329)
OTHER COMPREHENSIVE EXPENSE FOR THE YEAR		**(5,830)**	(7,612)
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR		**(33,072)**	20,053
(LOSS) PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(27,139)**	27,664
Non-controlling interests		**(103)**	1
		(27,242)	27,665
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		**(32,969)**	20,052
Non-controlling interests		**(103)**	1
		(33,072)	20,053

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**5**	18
Right-of-use assets	12	**1,646**	3,795
Interest in an associate	14	**161,836**	163,315
Total non-current assets		**163,487**	167,128
CURRENT ASSETS			
Trade receivables	15	**2,122**	4,409
Prepayments, deposits and other receivables		**22,644**	26,884
Cash and bank balances	16	**58,356**	64,054
Total current assets		**83,122**	95,347
CURRENT LIABILITIES			
Other payables and accruals		**437**	527
Amount due to a related party	17	**900**	–
Lease liabilities	18	**1,231**	2,132
Total current liabilities		**2,568**	2,659
Net current assets		**80,554**	92,688
TOTAL ASSETS LESS CURRENT LIABILITIES		**244,041**	259,816
NON-CURRENT LIABILITIES			
Lease liabilities	18	**475**	1,717
Promissory note	19	**152,357**	133,818
Total non-current liabilities		**152,832**	135,535
NET ASSETS		**91,209**	124,281
EQUITY			
Equity attributable to owners of the Company			
Share capital	20	**427,342**	427,342
Other reserves	22	**(337,687)**	(304,718)
		89,655	122,624
Non-controlling interests		**1,554**	1,657
TOTAL EQUITY		**91,209**	124,281

Approved by the Board of Directors on 15 July 2025 and are signed on its behalf by:

Xiang Xin	**Chan Cheong Yee**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company										
	Issued capital	**Share premium**	**Share option reserve**	**Foreign currency translation reserve**	**Amount recognised in other comprehensive expense for an associate**	**Special reserve**	**Capital reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2023	427, 342	298,110	10,088	944	–	11,157	(1,638)	(643,431)	102,572	1,656	104,228
Total comprehensive income (expense) for the year	–	–	–	(2,283)	(5,329)	–	–	27,664	20,052	1	20,053
At 31 December 2023 and 1 January 2024	427,342	298,110	10,088	(1,339)	(5,329)	11,157	(1,638)	(615,767)	122,624	1,657	124,281
Total comprehensive expense for the year	–	–	–	(2,859)	(2,971)	–	–	(27,139)	(32,969)	(103)	(33,072)
At 31 December 2024	427,342	298,110	10,088	(4,198)	(8,300)	11,157	(1,638)	(642,906)	89,655	1,554	91,209

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Cash flows from operating activities		
(Loss) profit before tax	**(27,242)**	27,665
Adjustment for:		
Finance costs	**18,666**	4,614
Interest income	**(242)**	(1,228)
Bargain purchase gain	**–**	(40,752)
Share of result of an associate	**(1,492)**	1,447
Impairment loss on other receivables	**5,706**	1,502
Depreciation of property, plant and equipment	**15**	24
Depreciation of right-of-use assets	**2,125**	2,149
Operating cash flows before working capital changes	**(2,464)**	(4,579)
Change in trade receivables	**2,287**	40,792
Change in prepayments, deposits and other receivables	**(2,315)**	1,209
Change in other payables and accruals	**(90)**	(131)
Cash (used in) generated from operations	**(2,582)**	37,291
Interest on lease liabilities	**(127)**	(135)
Interest received	**242**	1,228
Net cash flows (used in) from operating activities	**(2,467)**	38,384
Cash flows from financing activities		
Advance from a related party	**900**	–
Repayment to a shareholder	**–**	(100,608)
Repayment of principal of lease liabilities	**(2,118)**	(2,133)
Net cash flows used in financing activities	**(1,218)**	(102,741)
Net decrease in cash and cash equivalents	**(3,685)**	(64,357)
Cash and cash equivalents at beginning of year	**64,054**	129,414
Effect of foreign exchange rate changes	**(2,013)**	(1,003)
Cash and cash equivalents at end of year	**58,356**	64,054
Analysis of cash and cash equivalents		
Bank and cash balances	**58,356**	64,054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE INFORMATION

China Trends Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Sinclair Group Centre, 3rd Floor Genesis Building, Genesis Close, P.O. Box 498, George Town, Grand Cayman KY1-1106, Cayman Islands and its principal place of business in Hong Kong is situated at 26/F., No. 9 Des Voeux Road West, Sheung Wan, Hong Kong. The shares of the Company were listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 31 July 2002 and have been delisted with effect on 3 August 2021.

The principal activity of the Company is investment holding. The Group is principally engaged in (i) trading of electronic technology and related products, and (ii) media and e-commerce and media advertising services.

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

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

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

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

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 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 and amendment to HKFRSs mentioned below, the directors of the Group anticipate that the application of all amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at FVTOCI are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the new standard is expected to affect the disclosures in the future financial statements.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements

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

HKFRS 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 HKFRS 18 on the Group's consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared under the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below and are presented in Hong Kong dollars with all values rounding to the nearest thousand except otherwise indicated.

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

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 4 to the consolidated financial statements. The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

Consolidation

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

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 the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

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 interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Interest in an associate

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. 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 HKAS 36 to the extent that the recoverable amount of the investment subsequently increases. When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

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 that are not related to the Group.

Impairment of non-financial assets other than goodwill

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Impairment of non-financial assets other than goodwill *(Continued)*

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGU to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGU.

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) 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 CGU, the Group compares the carrying amount of a group of CGU, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGU, with the recoverable amount of the group of CGU. 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 CGU. 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 CGU. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU or a group of CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application of HKFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases , e.g. staff quarter, that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease 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.

Right-of-use assets

The cost of 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Right-of-use assets (continued)

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 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 under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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 include:

- 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.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

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, less any lease incentives receivable, 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 asset.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform.

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In that case, the Group uses the revised discount rate that reflects change in the interest rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

3. 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 HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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 are 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.

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 selling and collecting 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. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial assets *(Continued)*

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application of HKFRS 9/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

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 are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset 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.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables and bank balances) which are subject to impairment under HKFRS 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. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Impairment of financial assets *(Continued)*

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, 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.

(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, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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. MATERIAL ACCOUNTING POLICY INFORMATION *(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 180 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 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;

e. the disappearance of an active market for that financial asset because of financial difficulties; or

f. the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counter party 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, which ever 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. MATERIAL ACCOUNTING POLICY INFORMATION *(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 (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

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.

Lifetime ECL for trade receivables is considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- 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. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Impairment of financial assets *(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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company 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

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

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial liabilities and equity *(Continued)*

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.

Provisions and contingent liabilities

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 (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Promissory notes

Promissory notes are recognised initially at fair value, net of directly attributable transaction costs. After initial recognition, promissory notes are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

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 because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary 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 difference arises 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 difference arises from the initial recognition of goodwill.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Taxation *(Continued)*

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

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

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.

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

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.

Revenue from contracts with customers

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

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

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue from contracts with customers *(Continued)*

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

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

Foreign currency translation

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised 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. 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, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates.

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

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), 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.

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Foreign currency translation *(Continued)*

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

4. CRITICAL JUDGEMENTS AND ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgement that have the most significant effect on the amounts recognised in the Group's financial statements.

Significant increase in credit risk

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward looking information.

Key estimate uncertainty

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

Impairment of trade and other receivables

The management of the Group estimates the amount of impairment loss for ECL on trade and other receivables based on their credit risk. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2024, the carrying amounts of trade receivables and other receivables are approximately HK$2,122,000 (2023: approximately HK$4,409,000) and approximately HK$20,427,000 (2023: approximately HK$26,820,000), respectively. No allowance has been made on trade receivables. As at 31 December 2024, an amount HK$8,287,000 (2023: HK$8,557,000) is considered to be credit-impaired and the Group made allowance for the expected credit losses related to the other receivables amounting to HK$5,706,000 (2023: HK$1,502,000) during the year ended 31 December 2024.

5. REVENUE, OTHER INCOME AND GAINS OR LOSSES, NET

Revenue represents the fair value of amount received and receivable by the Group in respect of sales of electronic technology products. The Group purchases and sells electronic technology products to the customers. Sales are recognised when control of the products has transferred, being when these products are delivered to a customer, there is no unfulfilled obligation that could affect the customer's acceptance of the products and the customer has obtained legal titles to the products.

Sales to customers are normally made with credit terms of 60 to 180 days. For new customers, deposits or cash on delivery may be required. Deposits received are recognised as a contract liability.

A receivable is recognised when the products are delivered to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

	2024 **HK$'000**	2023 HK$'000
Other income		
Bank interest income	**242**	1,228
Investment income	**853**	280
Compensation income	**4,610**	–
Others	**–**	6
	5,705	1,514
Gains or losses, net		
Net exchange losses	**–**	(1,361)
	5,705	153

6. FINANCE COSTS

	2024 **HK$'000**	2023 HK$'000
Imputed interest expense on promissory note	**18,539**	4,479
Interest on lease liabilities	**127**	135
	18,666	4,614

7. (LOSS) PROFIT BEFORE TAX

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

	2024 HK$'000	2023 HK$'000
Auditor's remuneration	**83**	97
Employee benefits expenses (including directors' remuneration):		
– Wages, salaries and allowances	**590**	872
– Other benefits in kind	**4**	5
– Pension scheme contributions	**108**	107
Total employee benefits expenses	**702**	984
Depreciation of property, plant and equipment	**15**	24
Depreciation of right-of-use assets	**2,125**	2,149
Impairment loss on other receivables	**5,706**	1,502

8. BENEFITS AND INTERESTS OF DIRECTORS

a. Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the Hong Kong Companies Ordinance, is as follows:

	2024 HK$'000	2023 HK$'000
Fees	**–**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**240**	502
Pension scheme contributions	**–**	–
	240	502
	240	502

8. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

a. Directors' remuneration *(Continued)*

	For the year ended 31 December 2024			
	Fees HK$'000	**Salaries, allowances and benefits in kind HK$'000**	**Pension scheme Contribution HK$'000**	**Total HK$'000**
Executive directors:				
Mr. Xiang Xin	**–**	**120**	**–**	**120**
Mr. Chan Cheong Yee	**–**	**120**	**–**	**120**
	–	**240**	**–**	**240**

		For the year ended 31 December 2023			
	Notes	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme Contribution HK$'000	Total HK$'000
Executive directors:					
Mr. Xiang Xin		–	120	–	120
Mr. Chan Cheong Yee	(i)	–	120	–	120
Ms. Chi Yee Shan Esa	(ii)	–	90	–	90
		–	330	–	330
Independent non-executive directors:					
Mr. Chen Yicheng	(iii)	–	80	–	80
Mr. Wong Chung Kin Quentin	(iii)	–	80	–	80
Ms. Qin Han	(iv)	–	2	–	2
Mr. Zhang Yu Clement	(v)	–	10	–	10
		–	172	–	172
		–	502	–	502

8. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

a. Directors' remuneration *(Continued)*

Notes:

(i) Mr. Chan Cheong Yee was designated from a non-executive director to an executive director on 30 August 2023.

(ii) Ms. Chi Yee Shan Esa resigned as an executive director on 1 October 2023.

(iii) Mr. Chen Yicheng and Mr. Wong Chung Kin Quentin resigned as independent non-executive directors on 30 August 2023.

(iv) Ms. Qin Han resigned on 6 January 2023.

(v) Mr. Zhang Yu Clement appointed as a non-executive director on 6 January 2023 and resigned on 6 February 2023.

No emolument was paid to the director as an inducement to join or upon joining the Company; or as compensation for loss of office during the reporting period (2023: Nil).

b. Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 23(i) to the consolidated financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and other director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

9. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at a rate of 16.5% (2023: 16.5%) for the years ended 31 December 2024 and 2023. Tax arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. Under the Law of the People's Republic of China (the "PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% for both years.

No provision for taxation has been made since the Group has incurred tax loss for taxation purpose during the years ended 31 December 2024 and 2023.

The reconciliation between the income tax expense for the year and the (loss) profit before tax multiplied by the Hong Kong profits tax rate is as follows:

	2024	2023
	HK$'000	HK$'000
(Loss) profit before tax:	**(27,242)**	27,665
Tax at the statutory tax rate of 16.5% (2023: 16.5%)	**(4,495)**	4,565
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(120)**	5
Net effect of expenses not deductible and income not taxable	**4,148**	(4,555)
Tax effect of tax losses not recognised	**467**	–
Utilisation of tax losses previously not recognised	**–**	(15)
Tax charge at the Group's effective tax rate	**–**	–

At 31 December 2024, the Group has unused tax losses of approximately HK$24,965,000 (2023: HK$26,338,000) available for offset against future profits. No deferred tax asset (2023: HK$nil) has been recognised in respect of such tax losses, due to the unpredictability of future profit streams.

10. DIVIDENDS

The directors do not recommend the payment of any dividend for the year ended 31 December 2024 (2023: nil).

11. PROPERTY, PLANT AND EQUIPMENT

	Year ended 31 December 2024				
	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office and computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 January 2024	974	156	2,020	1,715	4,865
Addition	–	–	2	–	2
Exchange realignment	–	–	(58)	(54)	(112)
At 31 December 2024	974	156	1,964	1,661	4,755
Accumulated depreciation					
At 1 January 2024	974	156	2,002	1,715	4,847
Charge for the year	–	–	15	–	15
Exchange realignment	–	–	(58)	(54)	(112)
At 31 December 2024	974	156	1,959	1,661	4,750
Carrying amount					
At 31 December 2024	–	–	5	–	5

11. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Year ended 31 December 2023				
	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office and computer equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 January 2023	974	156	2,126	1,770	5,026
Written off	–	–	(47)	–	(47)
Exchange realignment	–	–	(59)	(55)	(114)
At 31 December 2023	974	156	2,020	1,715	4,865
Accumulated depreciation					
At 1 January 2023	974	156	2,084	1,770	4,984
Charge for the year	–	–	24	–	24
Written off	–	–	(47)	–	(47)
Exchange realignment	–	–	(59)	(55)	(114)
At 31 December 2023	974	156	2,002	1,715	4,847
Carrying amount					
At 31 December 2023	–	–	18	–	18

12. RIGHT-OF-USE ASSETS

	Leased properties HK$'000
At 31 December 2024	
Carrying amount	**1,646**
At 31 December 2023	
Carrying amount	**3,795**
For the year ended 31 December 2024	
Additions to right-of-use assets	**–**
Depreciation charge	**2,125**
For the year ended 31 December 2023	
Additions to right-of-use assets	**5,191**
Depreciation charge	**2,149**

For both years, the Group leases offices for its operations. Lease contracts are entered into for fixed term of three years, but may have extension and termination options. 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 contracts are enforceable.

Lease liabilities of approximately HK$1,706,000 (2023: HK$3,849,000) are recognised with related right-of-use assets of approximately HK$1,646,000 (2023: HK$3,795,000) as at 31 December 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

13. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries of the Company at the end of the reporting period are as follows:

Name	Place of incorporation/ registration and operations	Issued and paid up capital	Percentage of equity attributable to the Company		Principal activities
			2024	2023	
Directly held:					
Boss Systems Limited	BVI	500 ordinary shares of US$1 each	**100%**	100%	Investment holding
China Trends Technologies Limited	Hong Kong	HK$1 ordinary share	**100%**	100%	Trading of electronic equipment, components and LCD/LED products
Nopo International Limited	Hong Kong	HK$10,000 ordinary share	**100%**	100%	Investment holding
Boss Dream (China) Limited* 博思夢想(中國)有限公司 ("Boss China") (Note a)	PRC	RMB200,000,000	**99%**	99%	Trading of electronic equipment, components and LCD/LED products
Harvest Rise Investments Limited	BVI	1 ordinary share of US$1 each	**100%**	100%	Investment holding

* The English name is for identification only

Note:

(a) The subsidiary is registered as a sino-foreign investment enterprise under the PRC laws.

14. INTEREST IN AN ASSOCIATE

	2024	2023
	HK$'000	HK$'000
Cost of investment in an associate	**170,091**	170,091
Share of post-acquisition losses and other comprehensive expense	**(8,255)**	(6,776)
	161,836	163,315

On 8 September 2023, the Company entered into a sale and purchase agreement with an independent third party in relation to the acquisition of 100% interest of Harvest Rise Investments Limited which holds 29.82% interest in China Innovation Investment Limited ("China Innovation"). The consideration was satisfied by issuance of a 3-year non-interest bearing promissory note due 2026.

Bargain purchase gain amounting to HK$40,752,000 on acquisition of the associate, after reassessment, was recognised in profit or loss in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2023.

14. INTEREST IN AN ASSOCIATE *(Continued)*

Details of the Group's material associate at the end of the reporting period are as follows:

Name of entity	Country of incorporation/ registration	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	
China Innovation	Cayman Islands	Hong Kong	**29.82%**	29.82%	**29.82%**	29.82%	Investment holding company

Summarised financial information of material associate

The associate is accounted for using the equity method in these consolidated financial statements.

China Innovation

	2024 HK$'000	2023 HK$'000
Current assets	**334,846**	337,433
Non-current assets	**213,732**	212,785
Current liabilities	**5,393**	1,169
Non-current liabilities	**474**	1,381

	Year ended 31 December 2024 HK$'000	**Year ended 31 December 2023** HK$'000
Revenue	**20,258**	9,509
Profit for the year	**5,005**	2,193
Other comprehensive expense for the year	**(9,962)**	(17,871)
Total comprehensive expense for the year	**(4,957)**	(15,678)

14. INVESTMENT IN AN ASSOCIATE *(Continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2024 HK$'000	2023 HK$'000
Net assets of China Innovation	**542,711**	547,668
Proportion of the Group's ownership interest in China Innovation	**29.82%**	29.82%
Carrying amount of the Group's interest in China Innovation	**161,836**	163,315

15. TRADE RECEIVABLES

The Group's trading terms with other customers are mainly on credit. The credit terms generally range from 60 to 180 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by the directors.

	2024 HK$'000	2023 HK$'000
Trade receivables	**2,122**	4,409
Less: allowance for expected credit losses	**–**	–
Carrying amount	**2,122**	4,409

The Group applies the simplified approach under HKFRS 9 "Financial Instruments" to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information. Details of impairment assessment of trade receivables is set out in note 25 to the consolidated financial statements.

	Current	Over 30 days past due	Over 60 days past due	Over 120 days past due	Total
At 31 December 2024					
Receivable amount (HK$'000)	**2,122**	**–**	**–**	**–**	**2,122**
Allowance for expected credit losses (HK$'000)	**–**	**–**	**–**	**–**	**–**
At 31 December 2023					
Receivable amount (HK$'000)	4,409	–	–	–	4,409
Allowance for expected credit losses (HK$'000)	–	–	–	–	–

16. CASH AND BANK BALANCES

	2024 HK$'000	2023 HK$'000
Cash and bank balances	**58,356**	64,054

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB and HK$ was RMB53,378,000 (2023: RMB54,775,000) (equivalent to approximately HK$56,643,000 (2023: HK$60,019,000)) and HK$1,713,000 (2023: HK$4,035,000), respectively. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations. However, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

17. AMOUNT DUE TO A RELATED PARTY

The amount was unsecured, interest-free and repayable on demand.

18. LEASE LIABILITIES

	Present value of minimum lease payments	
	2024 **HK$'000**	2023 HK$'000
Lease liabilities payable:		
Within one year	**1,231**	2,132
Within a period of more than one year but not exceeding two years	**475**	1,717
	1,706	3,849
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,231)**	(2,132)
Amount due for settlement after 12 months shown under non-current liabilities	**475**	1,717

The Group leases various properties to operate its offices and these lease liabilities are measured at the present value of the lease payments that are not yet paid.

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

The total cash outflows for leases including payments of principal and interest portion of lease liabilities for the year ended 31 December 2024 was approximately HK$2,245,000 (2023: HK$2,268,000).

18. LEASE LIABILITIES *(Continued)*

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.

	Lease liabilities HK$'000
At 1 January 2023	809
Addition	5,191
Repayment of lease liabilities	(2,268)
Interest expenses	135
Exchange realignment	(18)
At 31 December 2023	3,849
Repayment of lease liabilities	**(2,245)**
Interest expenses	**127**
Exchange realignment	**(25)**
At 31 December 2024	**1,706**

19. PROMISSORY NOTE

	2024 **HK$'000**	2023 HK$'000
At the beginning of the year	**133,818**	–
Fair value of promissory note issued for acquisition of an associate	**–**	129,339
Effective interest expenses	**18,539**	4,479
At the end of the year	**152,357**	133,818

The unsecured promissory note with principal amount of HK$190,884,923 with no interest bearing was issued by the Company on 8 September 2023 in relation to the acquisition of 100% equity interest in Harvest Rise Investments Limited which will be matured on 7 September 2026.

The promissory note was initially measured at fair value and subsequently measured at amortised cost, using the effective interest method. The effective interest rate of the promissory note is 13.9% per annum.

20. SHARE CAPITAL

	2024 HK$'000	2023 HK$'000
Authorised:		
100,000,000,000 ordinary shares (2023: 100,000,000,000 ordinary shares) of HK$0.01 each	**1,000,000**	1,000,000
Issued and fully paid:		
42,734,218,022 ordinary shares of HK$0.01 each (2023: 42,734,218,022 ordinary shares of HK$0.01 each)	**427,342**	427,342

A summary of the movements in the issued share capital of the Company is as follows:

	Number of shares '000	Amount HK$'000
At 1 January 2023, 31 December 2023 and 31 December 2024	42,734,218	427,342

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

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.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes other payables and accruals, and amount due to a related party less cash and bank balances. Capital includes equity attributable to equity holders of the Company.

21. SHARE OPTION SCHEME

Pursuant to an extra-ordinary general meeting of all the shareholders passed on 1 November 2010, a share option scheme (the "Scheme") was adopted for the purpose of providing incentive to directors, employees and consultants. It was expired on 31 October 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. SHARE OPTION SCHEME *(Continued)*

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue, or if such 10% limit is refreshed, the maximum aggregate number of shares which may be issued upon the exercise of all outstanding options grant and yet to be exercised under the Scheme must not exceed 30% of the total number of shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then issue, without prior approval from the Company's shareholders. Each grant of options to any director, chief executive or substantial shareholder must be approved by independent non-executive directors. Where any grant of options to a substantial shareholder or any of their respective associates would result in the shares of the Company issued and to be issued upon exercise of options already granted and to be granted in excess of HK$5,000,000 in the 12 month period up to the date of grant, then the grant must be approved in advance by the Company's shareholders.

All share-based compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

Details of the options granted under the Scheme and outstanding at 31 December 2024 and 2023 are as follows:

			Number of share options						
Grantee	Date of grant	Exercise period	Outstanding as at 1 January 2024	Lapsed during the year	Granted during the year	Exercised during the year	Reclassified during the year	Outstanding as at 31 December 2024	Exercise price per share option HK$
Executive directors									
Xiang Xin	6 July 2014	6 July 2014-5 July 2024	120,000,000	(120,000,000)	–	–	–	–	0.025
Chan Cheong Yee	4 April 2018	4 April 2018-3 April 2028	120,000,000	–	–	–	–	120,000,000	0.025
			240,000,000	(120,000,000)	–	–	–	120,000,000	
Others	6 July 2014	6 July 2014-5 July 2024	847,000,000	(847,000,000)	–	–	–	–	0.025
	4 April 2018	4 April 2018-3 April 2028	60,000,000	–	–	–	–	60,000,000	0.025
	18 May 2020	18 May 2020-17 May 2030	60,000,000	–	–	–	–	60,000,000	0.025
			967,000,000	(847,000,000)	–	–	–	120,000,000	
			1,207,000,000	(967,000,000)	–	–	–	240,000,000	

21. SHARE OPTION SCHEME *(Continued)*

Grantee	Date of grant	Exercise period	Number of share options: Outstanding as at 1 January 2023	Lapsed during the year	Granted during the year	Exercised during the year	Reclassified during the year	Outstanding as at 31 December 2023	Exercise price per share option HK$
Executive directors									
Xiang Xin	6 July 2014	6 July 2014-5 July 2024	120,000,000	–	–	–	–	120,000,000	0.025
Chan Cheong Yee	4 April 2018	4 April 2018-3 April 2028	–	–	–	–	120,000,000	120,000,000	0.025
			120,000,000	–	–	–	120,000,000	240,000,000	
Non-executive directors									
Chan Cheong Yee	4 April 2018	4 April 2018-3 April 2028	120,000,000	–	–	–	(120,000,000)	–	0.025
Independent non-executive directors									
Wong Chung Kin Quentin	4 April 2018	4 April 2018-3 April 2028	60,000,000	–	–	–	(60,000,000)	–	0.025
Qin Han	18 May 2020	18 May 2020-17 May 2030	60,000,000	–	–	–	(60,000,000)	–	0.025
			120,000,000	–	–	–	(120,000,000)	–	
Others	6 July 2014	6 July 2014-5 July 2024	847,000,000	–	–	–	–	847,000,000	0.025
	4 April 2018	4 April 2018-3 April 2028	–	–	–	–	60,000,000	60,000,000	0.025
	18 May 2020	18 May 2020-17 May 2030	–	–	–	–	60,000,000	60,000,000	0.025
			847,000,000	–	–	–	120,000,000	967,000,000	
			1,207,000,000	–	–	–	–	1,207,000,000	

For share options outstanding at the end of the period, the weighted average remaining contractual lives is 3.8 years (2023: 1.4 years).

There was no share option exercised during the years ended 31 December 2024 and 2023.

22. OTHER RESERVES

a. Reserves of the Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

b. Reserves of the Company

	Share Premium	Share option reserve	Amount recognised in other comprehensive income for an associate	Special reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2023	298,110	10,088	–	14,879	(663,899)	(340,822)
Total comprehensive (expense) income for the year	–	–	(5,329)	–	29,114	23,785
At 31 December 2023	298,110	10,088	(5,329)	14,879	(634,785)	(317,037)
Total comprehensive expense for the year	–	–	(2,971)	–	(20,113)	(23,084)
At 31 December 2024	298,110	10,088	(8,300)	14,879	(654,898)	(340,121)

c. Nature and purpose of reserves of the Group

(i) Share option reserve

Share option reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments.

(ii) Foreign currency translation reserve

Foreign currency translation reserve represents the exchange rates movements arising from the consolidation of Group entities with different reporting currencies.

(iii) Amount recognised in other comprehensive income for an associate

Amount recognised in other comprehensive income for an associate represents the share of other comprehensive expense of an associate.

(iv) Special reserve

Special reserve represents the difference between the nominal value of shares issued by the Company as consideration and the underlying net assets of the then subsidiaries acquired pursuant to the group reorganisation in relation to the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited on 31 July 2002.

22. OTHER RESERVES *(Continued)*

c. Nature and purpose of reserves of the Group *(Continued)*

(v) Capital reserve

The Company had made a capital contribution to a subsidiary but no equivalent capital was injected by the non-controlling interest. Capital reserve represents the difference between the capital injected by the Company and the adjustment of non-controlling interest.

(vi) Special reserve and share premium

Under section 34 of the Companies Law of the Cayman Islands, the special reserve and share premium account is available for distribution to shareholders subject to the provisions of the Articles of Association of the Company and no distribution may be paid to shareholders out of the special reserve and share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

23. RELATED PARTY TRANSACTIONS

(i) Save as those disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	Note	**2024** **HK$'000**	2023 HK$'000
New Era Group (China) Limited	(i)		
Rental paid		**960**	960
Rental deposit paid		**160**	160
New Era Foundation (China) Limited	(i)		
Rental paid		**1,285**	1,308
Rental deposit paid		**210**	217

Note:

(i) New Era Group (China) Limited and New Era Foundation (China) Limited are companies of which Mr. Xiang Xin has control.

23. RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Compensation of key management personnel:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and benefits in kind	**240**	502
Pension scheme contributions	**–**	–
Share-based payments	**–**	–
	240	502

Further details of directors' emoluments are included in note 8 to the consolidated financial statements.

24. FINANCIAL INSTRUMENTS BY CATEGORY

	2024 HK$'000	2023 HK$'000
Financial assets:		
At amortised cost (including cash and cash equivalents)	**83,122**	95,283
Financial liabilities:		
At amortised cost	**153,694**	134,345

25. FINANCIAL RISK MANAGEMENT

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

Interest rate risk

The Group has no significant interest-bearing financial assets and liabilities with a floating interest rate. The Group's results and operating cash flows are substantially independent of changes in a market interest rate.

Foreign currency risk

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

25. FINANCIAL RISK MANAGEMENT *(Continued)*

Credit risk

Credit risk and impairment assessment

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances based on provision matrix through grouping of various debtors that have similar credit risk characteristics based on nature and industry of debtors. Internal credit rating has been given to each category of debtors after considering aging, historical observed default rates, repayment history and past due status of respective trade receivables. Estimated loss rates are based on probability of default and loss given default with reference to an external credit report and are adjusted for forward-looking information that is reasonable and supportable available without undue costs or effort and trade balances with credit impaired were assessment individually. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group is exposed to concentration of credit risk as at 31 December 2024 on trade receivables from the Group's five major customers accounted for 100% (2023: 100%) of the trade receivables. The major customers of the Group are recognised and creditworthy third parties. The directors of the Company consider that the credit risk is limited in this regard.

Other receivables

The Group assessed the impairment for its other receivables based on internal credit rating of these debtors which, in the opinion of the directors of the Company, has no significant increase in credit risk since initial recognition. Estimated loss rate is based on probability of default and loss given default with reference to market data and is adjusted for forward-looking information that is available without undue cost or effort. Lifetime expected losses were recognised if credit risk has increased significantly since initial recognition.

Cash and bank balances

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agency. The Group is exposed to concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings.

25. FINANCIAL RISK MANAGEMENT *(Continued)*

Credit risk *(Continued)*

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

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

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount 2024 HK$'000	Gross carrying amount 2023 HK$'000
Financial assets at amortised cost						
Trade receivables	15	N/A	Low risk (Note 1)	Lifetime ECL (provision matrix)	**2,122**	4,409
Other receivables and deposits		N/A	Low risk (Note 2)	12-month ECL	**20,937**	21,354
			Loss (Note 2)	Credit-impaired	**8,287**	8,557
Cash and bank balances	16	Ba1 to A1	N/A	12-month ECL	**58,356**	64,054

Notes:

1. For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the credit loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix.

2. For the purposes of internal credit risk management, the Group uses the past-due information to assess whether credit risk has increased significantly since initial recognition. The balance of other receivables and rental deposit has been past due and is not considered as in default as there has not been a significant change in credit quality and the amounts is still considered recoverable. Except for other receivables of HK$8,287,000 (2023: HK$8,557,000) which are credit-impaired with ECL provided amounting to HK$8,287,000 (2023: HK$2,867,000 as at 31 December 2024), the credit risk on remaining other receivables are limited because the counterparties have no historical default record and the ECL on these items are considered insignificant.

25. FINANCIAL RISK MANAGEMENT *(Continued)*

Credit risk *(Continued)*

Credit risk and impairment assessment (Continued)

For the assessment of lifetime ECL for trade and other receivables by management, the estimated loss rates are based on probability of default and loss given default with reference to an external credit report and are adjusted for forward-looking information that is available without undue cost or effort.

The Group's credit risk on cash and bank balances is limited because the counterparties are banks with high credit ratings and good reputation.

The credit risk of trade receivables and other receivables is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group reviews the recoverable amount of these receivables at the end of the reporting period.

As at 31 December 2024 and 2023, no trade receivables are past due or considered to be credit-impaired and no credit loss allowance was made during the years ended 31 December 2024 and 2023.

As at 31 December 2024, an amount HK$8,287,000 (2023: HK$8,557,000) is considered to be credit-impaired. The Group made allowance for the expected credit losses related to the other receivables amounting to HK$5,706,000 (2023: HK$1,502,000) during the year ended 31 December 2024.

The Group writes off a trade receivable when there is 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).

Gross carrying amount

	Average loss rate %		**Trade receivables HK$'000**	
	2024	2023	**2024**	2023
Internal credit rating				
Low risk	**–**	–	**2,122**	4,409

25. FINANCIAL RISK MANAGEMENT *(Continued)*

Credit risk *(Continued)*

Credit risk and impairment assessment (Continued)

The following tables show reconciliation of allowance for expected credit losses that has been recognised for other receivables.

	Trade receivables (Non-credit impaired) Lifetime ECL HK$'000	Other receivable (Non-credit impaired) 12m ECL HK$'000	Other receivable (Credit impaired) Lifetime ECL HK$'000	Total HK$'000
At 1 January 2023	–	–	1,589	1,589
Increase in loss allowance recognised in profit or loss during the year	–	224	1,278	1,502
At 31 December 2023	–	224	2,867	3,091
Increase in loss allowance recognised in profit of loss during the year	–	286	5,420	5,706
At 31 December 2024	–	510	8,287	8,797

Liquidity risk

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

The following table detailed the contractual maturity of the Group for its financial liabilities. The table has been drawn up based on the undiscounted cash flow of financial liabilities based on the earliest date on which the Group can be required to pay. The amounts represented both interest and principal cash flow.

25. FINANCIAL RISK MANAGEMENT *(Continued)*

Liquidity risk *(Continued)*

	At 31 December 2024					
	Weighted average interest rate	**On demand or less than 3 months**	**3 months to 1 year**	**1-2 years**	**Total undiscounted cash flow**	**Total carrying amount**
	%	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Other payables and accruals	**–**	**437**	**–**	**–**	**437**	**437**
Amount due to a related party	**–**	**900**	**–**	**–**	**900**	**900**
Lease liabilities	**5.0**	**555**	**720**	**480**	**1,755**	**1,706**
Promissory note	**13.9**	**–**	**–**	**190,885**	**190,885**	**152,357**
		1,892	**720**	**191,365**	**193,977**	**155,400**

	At 31 December 2023						
	Weighted average interest rate	On demand or less than 3 months	3 months to 1 year	1-2 years	2-5 years	Total undiscounted cash flow	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other payables and accruals	–	527	–	–	–	527	527
Lease liabilities	5.0	2,260	1,285	480	–	4,025	3,849
Promissory note	13.9	–	–	–	190,885	190,885	133,818
		2,787	1,285	480	190,885	195,437	138,194

Fair value

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

26. SUMMARISED FINANCIAL POSITION OF THE COMPANY

	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS		
Right-of-use assets	**1,345**	2,241
Interests in subsidiaries	**74,363**	75,246
Interest in an associate	**161,836**	163,315
Total non-current assets	**237,544**	240,802
CURRENT ASSETS		
Prepayments, deposits and other receivables	**2,164**	2,019
Cash and bank balances	**1,361**	3,680
Total current assets	**3,525**	5,699
CURRENT LIABILITIES		
Other payables and accruals	**98**	110
Lease liabilities	**918**	875
Total current liabilities	**1,016**	985
Net current assets	**2,509**	4,714
TOTAL ASSETS LESS CURRENT LIABILITIES	**240,053**	245,516
NON-CURRENT LIABILITIES		
Lease liabilities	**475**	1,393
Promissory note	**152,357**	133,818
	152,832	135,211
NET ASSETS	**87,221**	110,305
EQUITY		
Equity attributable to owners of the Company		
Share capital	**427,342**	427,342
Other reserves	**(340,121)**	(317,037)
TOTAL EQUITY	**87,221**	110,305

Approved by the Board of Directors on 15 July 2025 and are signed on its behalf by:

Xiang Xin
Director

Chan Cheong Yee
Director

27. RETIREMENT BENEFITS PLAN

The Group participates in the MPF Scheme for all qualifying employees in Hong Kong. The assets of the above scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK$1,500 per month or 5% of the relevant payroll costs to the MPF Scheme. The total cost charged to profit or loss of HK$nil (2023: HK$nil) represents contributions paid or payable to the above scheme by the Group for the year.

The Group also participates in a defined contribution retirement scheme organised by the government in the People's Republic of China (the "PRC"). The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. The total cost charged to profit or loss of HK$108,000 (2023: HK$107,000) represents contributions paid or payable to the above scheme by the Group for the year.

During the year, there were no forfeited contributions which arose upon employees leaving the above schemes prior to their interests in the Group's contribution becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

28. MAJOR NON-CASH TRANSACTIONS

On 8 September 2023, the Company entered into a sale and purchase agreement with an independent third party in relation to the acquisition of 100% interest of Harvest Rise Investments Limited which holds 29.82% interest in China Innovation. The consideration was satisfied by issuance of a 3-year non-interest bearing promissory note due 2026.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 15 July 2025.