

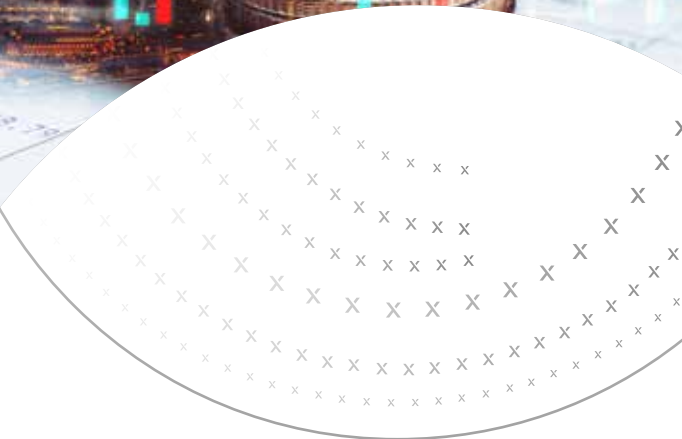


# 零在科技金融集團有限公司

## ZERO FINTECH GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00093



2024  
INTERIM REPORT

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## Corporate Information

### *Executive Directors*

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

### *Independent Non-Executive Directors*

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

### *Company Secretary*

Mr. Lo Tai On

### *Audit Committee*

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

### *Remuneration Committee*

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

### *Nomination Committee*

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

### *Registered Office*

Clarendon House  
Church Street  
Hamilton HM11  
Bermuda

### *Head Office and Principal Place of Business*

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

### *Hong Kong Registrar and Transfer Office*

Tricor Standard Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong  
Telephone: (852) 2980 1768  
Facsimile: (852) 2528 3158

### *Listing Information*

The Listing Code of the Company's share on  
The Stock Exchange of Hong Kong Limited  
00093

### *Principal Bankers*

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

### *Legal Advisors in Hong Kong*

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

### *Auditor*

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

The board of directors (the “Board”) of Zero Fintech Group Limited (formerly known as Tembray Industries International (Holdings) Limited) (the “Company”) presents to shareholders the interim report together with the unaudited interim condensed consolidated financial statements of the Company and its subsidiaries (together the “Group”) for the six months ended 30 June 2024.

The unaudited consolidated profit attributable to owners of the Company for the six months ended 30 June 2024 amounted to approximately HK\$14,709,000 (six months ended 30 June 2023: HK\$13,608,000). An analysis of the Group’s segment results for the period is set out on pages 23 to 27 of this report.

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## Review of Operations

During the current six months period under review, the Group achieved a revenue of HK\$116,981,000 (six months ended 30 June 2023: HK\$94,851,000) and recorded a profit for the period of HK\$14,709,000 (six months ended 30 June 2023: HK\$13,608,000).

The profit for the current period under review is primarily due to the aggregate effect upon the recognition of:

- (i) interest income from the money lending business recorded of approximately HK\$116.2 million during the current period (six months ended 30 June 2023: HK\$93.5 million), representing an increase of approximately HK\$22.7 million as compared with the six months ended 30 June 2023;
- (ii) net impairment losses on financial assets of approximately HK\$43.5 million; and
- (iii) fair value loss of HK\$3.0 million on the investment properties.



## ***Property Development and Investment***

The Group's completed properties for sale – Ever Success Plaza, comprising over 440 residential units standing on 3 levels of commercial arcades and car parks, is located at a convenient and prime location with a river view in Zhongshan, Guangdong Province. The competition within the property market in Zhongshan is intense as there are abundant supplies of properties with modern design.

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

During the period under review, no sale transactions were approved and registered in the government's property sales system. The Group had no sale of residential unit during the six months ended 30 June 2024. The rental income earned by the Group from Ever Success Plaza during the six months ended 30 June 2024 decreased by approximately 5% compared with the six months ended 30 June 2023. As at 30 June 2024, 56 residential units remained to be sold, out of which 4 residential units were let out.

## ***Money Lending***

In order to provide 24/7 borrowing experience, customers can apply for loans via the Group's automatic lending mobile application "X Wallet" App (the "X Wallet"), which is for unsecured loans only. The whole lending process through X Wallet involves no human intervention. The process requires the provision of the customer's Hong Kong Identity Card and facial recognition, and offers loans using information technology such as big-data and a credit scoring model. The loan facilities granted through X Wallet are all revolving loan facilities which could be repaid and re-borrowed within the approved credit limit at any time during the loan period. The Group also offers unsecured loans such as debt consolidation loans and personal loans to customers granted by the credit committee with specific credit limit, loan period and repayment schedule. The Group primarily focuses its sales and marketing effort on sourcing new customers for unsecured loans, including advertising through public transportation, outdoor banner, television, online media platforms, pamphlets and other marketing campaigns. The loan periods for unsecured loans typically range from 2 years to 7 years. The maximum amount of unsecured loan could be as high as HK\$1,200,000.

The number of active customers of unsecured loans increased from 13,491 as at 31 December 2023 to 14,224 as at 30 June 2024. The increase in number of active customers improved the results of unsecured loans and generated a revenue of approximately HK\$95 million during the six months ended 30 June 2024 (six months ended 30 June 2023: HK\$81 million).

The majority of interest rates for unsecured loans ranged from 25% to 48% per annum and the weighted average interest rate charged was approximately 41% per annum. Loan amounts for unsecured loans granted ranged from HK\$5,000 to HK\$1,200,000.

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

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

The majority of interest rates for secured loans granted ranged from 9% to 18% per annum and the weighted average interest rate charged was approximately 13% per annum. The majority of the collateral are residential properties and commercial properties, and all of the collaterals are located in Hong Kong. Loan amounts for secured loans granted ranged from HK\$80,000 to HK\$85,000,000.

As at 30 June 2024, the number of mortgage loans customers was 81, of which the top 10 customers represented 62.5% of the total mortgage loan receivables, and the number of unsecured loans customers was 14,224, of which the top 10 customers represented 1.4% of the total unsecured loan receivables. The largest and five largest customers accounted for 10.5% and 19.3% respectively of the total loan receivables as at 30 June 2024.

### ***Credit Risk Assessment Policy***

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

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

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

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

The Group has also developed policies and procedures to appropriately assess and measure the Expected Credit Loss ("ECL") in accordance with impairment requirements of HKFRS 9.

As at 30 June 2024, the net loan and interest receivables of the Group amounted to HK\$739,260,000. The provision for impairment of loan and interest receivables as at 30 June 2024 under the ECL model amounted to HK\$83,912,000.

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

- (1) Probable bankruptcy entered by the borrowers; and
- (2) Death of the debtor.

During the six months ended 30 June 2024, the Group had written off loan and interest receivables totalling approximately HK\$33,695,000, based on the (1) bankruptcy of the borrowers, and (2) death of the debtors.

### **Others**

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

Save as disclosed above, there were no acquisitions of other major subsidiaries or associates during the six months ended 30 June 2024 under review.

## **Liquidity and Financial Resources**

The Group remains cash sufficient and has no material capital expenditure commitments. The Group’s operations are financed by loan from a shareholder, capital and reserves and cash generated from operations.

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

## **Internal Control Procedures**

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

## ***Credit Approval Process***

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

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

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

## ***Ongoing Monitoring of Loan Recoverability and Loan Collection***

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

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

## ***Order Book***

Due to its business nature, the Group has no order book as at 30 June 2024. The Group has no new product and service to be introduced to the market as at 30 June 2024.



## Staff and Emolument Policy

As at 30 June 2024, the Group employed 120 staff at market remunerations with staff benefits such as insurance, provident fund scheme and discretionary bonus.

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

## Outlook

Looking ahead to the second half of 2024, economic conditions are expected to remain challenging for Hong Kong along with the global economic slowdown, inflation, political uncertainty, etc. Nevertheless, with the automatic lending mobile application X Wallet and a "Buy Now, Pay Later" payment function X Pay, the management believes that the Group will become a comprehensive financial service platform and provide users with more diversified services in payment solutions, shopping experiences, money management and more.

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

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

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

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

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

## Directors' Interests in Shares and Options

As at 30 June 2024, the interests of the Company's directors, chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO") or otherwise notified pursuant to Divisions 7 to 9 of Part XV of the SFO, were as follows:

### (A) Long Positions in Shares of the Company

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

*Notes:*

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

## (B) Long Positions in Shares of Other Associated Corporations

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

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

Except as disclosed above, as at 30 June 2024, none of the directors or chief executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO.

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

## Substantial Shareholders

As at 30 June 2024, the persons (other than the directors as disclosed in the section headed “Directors’ Interests in Shares and Options”) interested in the issued share capital of the Company as recorded in the register kept by the Company pursuant to Section 336 of the SFO were as follows:

### Ordinary Shares of the Company

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

*Notes:*

- (1) The 1,252,752,780 shares are held by Lee & Leung (B.V.I.) Limited. Lee & Leung (B.V.I.) Limited is wholly-owned by Lee & Leung Family Investment Limited, which is wholly-owned by HSBC International Trustee Limited as trustee for the Lee & Leung Family Trust. Mr. Lee Lap is the settlor of the Lee & Leung Family Trust. The discretionary beneficiaries of the Lee & Leung Family Trust are the spouse (Mdm. Leung Lai Ping) and certain children of Mr. Lee Lap (including Mr. Tommy Lee) and the offspring of such children.
- (2) The 710,000,000 shares were issued to Earth Axis Investment Limited as partial settlement of the consideration upon completion of the sale and purchase agreement dated 23 September 2020. Earth Axis Investment Limited is wholly-owned by aEasy Finance Holdings Limited which is indirectly controlled by Mr. Tommy Lee.
- (3) According to record, as at 30 June 2024, Cosmo Telecommunication Inc. is wholly-owned by Ms. Jing Xiao Ju.
- (4) According to record, as at 30 June 2024, East Glory Trading Limited is wholly-owned by Master Winner Limited, which in turn is wholly-owned by Mr. Yuan Qinghua. After the allotment and issue of shares of the Company as partial settlement of the consideration on completion of the sale and purchase agreement dated 23 September 2020, the Company has not received notifications of disclosure of interest from these shareholders reporting change in number of shares. Based on the issued shares as at 30 June 2024, the percentage level of these shareholders was reduced to 3.88%.

Except as disclosed above, the Company has not been notified of any other interests or short positions in the shares or the underlying shares of the issued share capital of the Company as at 30 June 2024.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

## **Events after the Reporting Period**

As at the date of this interim report, there is no other material change or major event required to be disclosed by the Company after 30 June 2024.

## **Corporate Governance**

The Company has met the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 30 June 2024 except as disclosed below.



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

## Change in Information of Directors

There has been no other change in the information of the directors which is required to be disclosed pursuant to paragraphs (a) to (e) and (g) of the Rules 13.51(2) of the Listing Rules.

## Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “Model Code”) as the code of conduct regarding directors’ securities transactions. The Company has made specific enquiry of all directors that they have complied with the Model Code throughout the six months period ended 30 June 2024.

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

## Audit Committee

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including review of the interim report for the six months ended 30 June 2024.

By order of the Board

**Lee Lap**

*Chairman*

Hong Kong, 28 August 2024

# Report on Review of Interim Financial Information



羅兵咸永道

## To the Board of Directors of Zero Fintech Group Limited

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

## Introduction

We have reviewed the interim financial information set out on pages 16 to 40, which comprises the interim condensed consolidated statement of financial position of Zero Fintech Group Limited (formerly known as Termbray Industries International (Holdings) Limited) (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2024 and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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# Report on Review of Interim Financial Information

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 28 August 2024

## Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Note	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
<b>Revenue</b>			
Interest income from money lending business	7	116,187	93,546
Rental income	7	794	1,305
		<b>116,981</b>	94,851
Other income	7	2,473	666
Other (losses)/gains, net	7	(1,794)	1,184
Fair value (loss)/gain on the investment properties		(3,000)	6,000
Net impairment losses on financial assets	10	(43,530)	(40,766)
Advertising and promotion		(12,902)	(17,887)
Employee benefits expenses		(18,281)	(11,176)
Other operating expenses		(18,442)	(12,810)
Operating profit		21,505	20,062
Finance costs	9	(1,123)	(3,463)
<b>Profit before income tax</b>		<b>20,382</b>	16,599
Income tax expense	11	(5,673)	(2,991)
<b>Profit for the period</b>	8	<b>14,709</b>	13,608
<b>Other comprehensive losses:</b>			
<i>Item that may not be reclassified to profit or loss:</i>			
Losses on revaluation of leasehold land and buildings	13	(9,778)	(2,712)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(730)	(5,593)
<b>Other comprehensive losses for the period, net of tax</b>		<b>(10,508)</b>	(8,305)
<b>Total comprehensive income for the period</b>		<b>4,201</b>	5,303
		<b>HK cents</b>	<b>HK cents</b>
<b>Earnings per share attributable to owners of the Company:</b>			
Basic	12	0.55	0.51
Diluted		0.55	0.51

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

## Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Note	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	203,380	213,255
Investment properties	13	50,000	53,000
Intangible assets	14	8,539	9,211
Deferred income tax assets		8,569	7,876
Loan and interest receivables	15	500,141	485,959
Deposits		199	164
		<b>770,828</b>	<b>769,465</b>
<b>Current assets</b>			
Completed properties for sale		53,882	54,265
Loan and interest receivables	15	239,119	152,677
Repossessed assets		23,364	21,413
Deposits, prepayments and other receivables		12,088	5,821
Financial assets at fair value through profit or loss	17	112	109
Cash and cash equivalents		129,313	101,057
		<b>457,878</b>	<b>335,342</b>
Assets classified as held for sale		–	160,170
<b>Total assets</b>		<b>1,228,706</b>	<b>1,264,977</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	16	213,411	213,411
Reserves		871,565	867,364
<b>Total equity</b>		<b>1,084,976</b>	<b>1,080,775</b>



## Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Note	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loan from a shareholder	19	115,772	–
Lease liabilities		1,062	579
		<u>116,834</u>	<u>579</u>
<b>Current liabilities</b>			
Other payables and accruals	18	9,442	169,299
Amount due to a related company	21	1,257	1,337
Lease liabilities		1,340	924
Income tax payable		14,857	12,032
		<u>26,896</u>	<u>183,592</u>
Liabilities directly associated with assets classified as held for sale		–	31
<b>Total liabilities</b>		<u>143,730</u>	<u>184,202</u>
<b>Total equity and liabilities</b>		<u>1,228,706</u>	<u>1,264,977</u>

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

## Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to the owners of the Company (Unaudited)					
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Property revaluation reserve HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance at 1 January 2023	213,411	545,966	(1,717)	289,150	45,297	1,092,107
Profit for the period	-	-	-	-	13,608	13,608
Exchange differences arising on translation of foreign operations	-	-	(5,593)	-	-	(5,593)
Loss on revaluation of leasehold land and buildings (Note 13)	-	-	-	(2,712)	-	(2,712)
Total comprehensive income/(loss) for the period	-	-	(5,593)	(2,712)	13,608	5,303
Balance at 30 June 2023	213,411	545,966	(7,310)	286,438	58,905	1,097,410
<b>Balance at 1 January 2024</b>	<b>213,411</b>	<b>545,966</b>	<b>(4,790)</b>	<b>268,755</b>	<b>57,433</b>	<b>1,080,775</b>
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,709</b>	<b>14,709</b>
<b>Exchange differences arising on translation of foreign operations</b>	<b>-</b>	<b>-</b>	<b>(730)</b>	<b>-</b>	<b>-</b>	<b>(730)</b>
<b>Loss on revaluation of leasehold land and buildings (Note 13)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,778)</b>	<b>-</b>	<b>(9,778)</b>
<b>Total comprehensive income/(loss) for the period</b>	<b>-</b>	<b>-</b>	<b>(730)</b>	<b>(9,778)</b>	<b>14,709</b>	<b>4,201</b>
<b>Balance at 30 June 2024</b>	<b>213,411</b>	<b>545,966</b>	<b>(5,520)</b>	<b>258,977</b>	<b>72,142</b>	<b>1,084,976</b>

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

## Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Cash used in operations	(85,396)	(28,091)
Income tax paid	(3,068)	(2,470)
Interest paid on lease liabilities	(51)	(15)
Net cash outflow from operating activities	(88,515)	(30,576)
<b>Cash flows from investing activities</b>		
Interest received	404	648
Proceeds from disposal of property, plant and equipment	230	–
Purchase of property, plant and equipment	(204)	(304)
Net cash acquired from acquisition of subsidiaries	1,773	–
Net cash inflow from investing activities	2,203	344
<b>Cash flows from financing activities</b>		
Advance from a shareholder	114,700	–
Principal elements of lease payments	(550)	(492)
Net cash inflow/(outflow) from financing activities	114,150	(492)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>27,838</b>	<b>(30,724)</b>
Cash and cash equivalents at the beginning of the period	101,057	166,777
Effect of exchange rate changes on cash and cash equivalents	418	(2,112)
<b>Cash and cash equivalents at end of the period</b>	<b>129,313</b>	<b>133,941</b>

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

# Notes to the Interim Condensed Consolidated Financial Information

## 1 GENERAL INFORMATION

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

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

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

The interim condensed consolidated financial information has not been audited and is presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated. The interim condensed consolidated financial information was reviewed by the Audit Committee and approved by the Board of Directors for issue on 28 August 2024.

## 2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

## 3 ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate, and assets held for sale that are measured at the lower of their previous carrying amount and fair value less costs to sell at the end of each reporting period.

Other than changes in accounting policies resulting from application of amendments to standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

In the current interim period, the Group has applied the following amended standards and interpretations issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HK Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amended standards and interpretations in the current period has had no material impact on the Group’s financial position and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# Notes to the Interim Condensed Consolidated Financial Information

## 4 ESTIMATES

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2023.

## 5 FINANCIAL RISK MANAGEMENT

### (a) *Financial risk factors*

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

There have been no changes in the risk management policies since 31 December 2023.

### (b) *Liquidity risk*

Compared to year end, there was no material change in the contractual undiscounted cash flows for financial liabilities.

### (c) *Fair value estimation*

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

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

The carrying values of financial assets and financial liabilities are a reasonable approximation of their fair values. The financial assets at fair value through profit or loss are recorded at quoted bid prices in an active market and are classified as level 1 fair value measurement. The fair value estimation of investment properties and leasehold land and buildings that are measured at fair value are set out in Note 13.



# Notes to the Interim Condensed Consolidated Financial Information

## 6 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the Chief Operating Decision Maker (“CODM”) in making strategic decisions. The CODM is identified as the executive directors of the Company.

During the six months ended 30 June 2024, the CODM assessed the performance of the Group by reviewing the results of two reportable segments:

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

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

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

The segment results and other segment items are as follows:

	Property development and investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended 30 June 2024 (Unaudited)</b>			
<b>Revenue</b>	<u>794</u>	<u>116,187</u>	<u>116,981</u>
<b>Segment results</b>	<u>(2,503)</u>	<u>28,666</u>	<u>26,163</u>
Unallocated other income			1,747
Unallocated other gains, net			239
Unallocated expenses			<u>(7,767)</u>
<b>Profit before income tax</b>			<u>20,382</u>

# Notes to the Interim Condensed Consolidated Financial Information

## 6 SEGMENT INFORMATION (Continued)

	Property development and investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended 30 June 2023 (Unaudited)</b>			
<b>Revenue</b>	<u>1,305</u>	<u>93,546</u>	<u>94,851</u>
<b>Segment results</b>	<u>8,452</u>	<u>12,412</u>	20,864
Unallocated other income			66
Unallocated other losses, net			(15)
Unallocated expenses			<u>(4,316)</u>
<b>Profit before income tax</b>			<u>16,599</u>

For the six months ended 30 June 2024 and 30 June 2023, unallocated expenses represent corporate expenses and unallocated other net gains and losses represent unrealised net exchange gains, fair value gain/(loss) on financial assets at fair value through profit or loss ("FVPL"), gain on disposal of property, plant and equipment and goodwill on acquisition of subsidiaries. Segment results represent the profit/(loss) before income tax earned by each segment without allocation of certain other income, other gains and losses and expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

The segment assets and liabilities are as follows:

	Property development and investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 30 June 2024 (Unaudited)</b>			
<b>Assets</b>			
Segment assets	<u>176,830</u>	<u>842,010</u>	1,018,840
Unallocated assets			<u>209,866</u>
Total assets			<u>1,228,706</u>
<b>Liabilities</b>			
Segment liabilities	<u>9,922</u>	<u>129,712</u>	139,634
Unallocated liabilities			<u>4,096</u>
Total liabilities			<u>143,730</u>

## Notes to the Interim Condensed Consolidated Financial Information

### 6 SEGMENT INFORMATION (Continued)

	Property development and investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 December 2023 (Audited)</b>			
<b>Assets</b>			
Segment assets	340,500	704,489	1,044,989
Unallocated assets			219,988
Total assets			1,264,977
<b>Liabilities</b>			
Segment liabilities	10,247	170,771	181,018
Unallocated liabilities			3,184
Total liabilities			184,202

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

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

## Notes to the Interim Condensed Consolidated Financial Information

### 6 SEGMENT INFORMATION (Continued)

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

	Property development and investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended 30 June 2024 (Unaudited)</b>				
Depreciation	–	(765)	(1,245)	(2,010)
Amortisation	–	(672)	–	(672)
Interest income	222	171	11	404
Interest expense	–	(1,112)	(11)	(1,123)
Income tax expense	(55)	(5,618)	–	(5,673)
<b>For the six months ended 30 June 2023 (Unaudited)</b>				
Depreciation	–	(587)	(1,300)	(1,887)
Amortisation	–	(669)	–	(669)
Interest income	561	27	60	648
Interest expense	–	(3,463)	–	(3,463)
Income tax expense	(144)	(2,847)	–	(2,991)

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

	Revenue from external customers		Non-current assets	
	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Hong Kong	116,187	94,011	760,489	761,573
The PRC	794	840	1,770	16
	<b>116,981</b>	<b>94,851</b>	<b>762,259</b>	<b>761,589</b>

For the six months ended 30 June 2024 and 30 June 2023, no single customer contributed to 10% or more of the Group's total revenue.

## Notes to the Interim Condensed Consolidated Financial Information

### 6 SEGMENT INFORMATION (Continued)

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

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
<b>Reportable segment assets</b>	<b>1,018,840</b>	1,044,989
Property, plant and equipment	200,000	211,000
Deposits, prepayments and other receivables	5,502	2,083
Financial assets at fair value through profit or loss	112	109
Cash and cash equivalents	4,252	6,796
<b>Total assets per interim condensed consolidated statement of financial position</b>	<b>1,228,706</b>	1,264,977
<b>Reportable segment liabilities</b>	<b>139,634</b>	181,018
Amount due to a related company	1,257	1,337
Other payables and accruals	1,461	1,847
Lease liabilities	1,378	–
<b>Total liabilities per interim condensed consolidated statement of financial position</b>	<b>143,730</b>	184,202

### 7 REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

Revenue, other income and other (losses)/gains, net recognised during the period are as follows:

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
<b>Revenue</b>		
Interest income from money lending business	116,187	93,546
Rental income	794	1,305
	<b>116,981</b>	94,851

## Notes to the Interim Condensed Consolidated Financial Information

### 7 REVENUE, OTHER INCOME AND OTHER (LOSSES)/GAINS, NET (Continued)

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
<b>Other income</b>		
Interest income on bank deposits	404	648
IT service income	1,727	–
Sundry income	342	18
	<u>2,473</u>	<u>666</u>

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
<b>Other (losses)/gains, net</b>		
Provision for impairment of repossessed assets	(2,273)	–
Unrealised net exchange gains	249	1,188
Fair value gain/(loss) on financial assets at fair value through profit or loss	3	(15)
Gain on disposal of property, plant and equipment	230	11
Goodwill on acquisition of subsidiaries	(3)	–
	<u>(1,794)</u>	<u>1,184</u>

### 8 PROFIT FOR THE PERIOD

The following expenses have been included in “other operating expenses” during the interim period:

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
Depreciation of property, plant and equipment ( <i>Note 13</i> )	2,010	1,887
Amortisation of intangible assets	672	669
Expenses relating to short-term leases	136	116
	<u>2,818</u>	<u>2,672</u>



## Notes to the Interim Condensed Consolidated Financial Information

### 9 FINANCE COSTS

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
Interest expense on lease liabilities	51	15
Interest expense on loan from a shareholder	1,072	–
Unwinding of discount on deferred consideration payable	–	3,448
	<b>1,123</b>	<b>3,463</b>

### 10 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
Loan and interest receivables		
– Net charge for provision for impairment	45,458	41,912
– Recoveries of amounts previously written-off	(1,928)	(1,146)
	<b>43,530</b>	<b>40,766</b>

## Notes to the Interim Condensed Consolidated Financial Information

### 11 INCOME TAX EXPENSE

Taxation has been calculated on the estimated assessable profits for the six months ended 30 June 2024 and 30 June 2023 at the rates of taxation prevailing in the countries/places in which the Group operates. Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

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

	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
Current income tax		
– PRC enterprise income tax	55	144
– Hong Kong profits tax	6,311	4,916
	<u>6,366</u>	<u>5,060</u>
Deferred income tax	<u>(693)</u>	<u>(2,069)</u>
<b>Income tax expense</b>	<b><u>5,673</u></b>	<b><u>2,991</u></b>

### 12 EARNINGS PER SHARE

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

	Six months ended 30 June 2024 (Unaudited)	Six months ended 30 June 2023 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	14,709	13,608
Weighted average number of ordinary shares in issue ('000)	<u>2,667,643</u>	<u>2,667,643</u>
Basic earnings per share (HK cents)	<u>0.55</u>	<u>0.51</u>

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2024 and 30 June 2023 and hence the diluted earnings per share is the same as the basic earnings per share.

# Notes to the Interim Condensed Consolidated Financial Information

## 13 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Investment properties <i>HK\$'000</i> (Unaudited)
<b>30 June 2024</b>		
<b>Cost or revaluation:</b>		
At 1 January 2024	233,350	53,000
Acquisition of subsidiaries	1,718	–
Additions	204	–
Disposals	(5,650)	–
Loss on revaluation	(11,000)	–
Fair value loss	–	(3,000)
Exchange realignment	(67)	–
	<u>218,555</u>	<u>50,000</u>
At 30 June 2024		
<b>Accumulated depreciation:</b>		
At 1 January 2024	(20,095)	–
Depreciation charge during the period <i>(Note 8)</i>	(2,010)	–
Disposals	5,650	–
Loss on revaluation	1,222	–
Exchange realignment	58	–
	<u>(15,175)</u>	<u>–</u>
At 30 June 2024		
<b>Net book value</b>		
At 30 June 2024	<u>203,380</u>	<u>50,000</u>
<b>An analysis of cost or revaluation:</b>		
At cost	3,380	–
At revaluation	200,000	–
At fair value	–	50,000
	<u>203,380</u>	<u>50,000</u>

## Notes to the Interim Condensed Consolidated Financial Information

### 13 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Investment properties <i>HK\$'000</i> (Unaudited)
<b>30 June 2023</b>		
<b>Cost or revaluation:</b>		
At 1 January 2023	256,054	222,000
Additions	304	–
Disposals	(1,110)	–
Write-off	(118)	–
Loss on revaluation	(4,000)	–
Fair value gains	–	6,000
	<u>251,130</u>	<u>228,000</u>
At 30 June 2023	<u>251,130</u>	<u>228,000</u>
<b>Accumulated depreciation:</b>		
At 1 January 2023	(20,645)	–
Depreciation charge during the period (Note 8)	(1,887)	–
Disposals	1,110	–
Write-off	118	–
Loss on revaluation	1,288	–
	<u>(20,016)</u>	<u>–</u>
At 30 June 2023	<u>(20,016)</u>	<u>–</u>
<b>Net book value</b>		
At 30 June 2023	<u>231,114</u>	<u>228,000</u>
<b>An analysis of cost or revaluation:</b>		
At cost	1,114	–
At revaluation	230,000	–
At fair value	–	228,000
	<u>231,114</u>	<u>228,000</u>

The Group has accounted for leasehold land and buildings within property, plant and equipment using the revaluation model, and the investment properties using the fair value model. As at 30 June 2024, leases recognised as right-of-use assets amounted to HK\$2,282,000 (31 December 2023: HK\$1,485,000) and are included in property, plant and equipment presented in the interim condensed consolidated statement of financial position.

Rental income from an investment property for the six months ended 30 June 2023 amounted to HK\$465,000.

## Notes to the Interim Condensed Consolidated Financial Information

### 13 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

#### (a) Valuation process of the Group

The Group's leasehold land and buildings, and the investment properties were valued at 30 June 2024 and 31 December 2023 by an independent professionally qualified valuer, Vigers Appraisal & Consulting Ltd, who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the leasehold land and buildings, and investment properties valued.

For leasehold land and buildings, its current use equates to the highest and best use. During the six months ended 30 June 2024, the resulting loss arising on revaluation of HK\$9,778,000 (six months ended 30 June 2023: HK\$2,712,000) has been debited to the property revaluation reserve.

For the investment properties, their current use equates to the highest and best use. The fair value (loss)/gain are included in the interim condensed consolidated statement of profit or loss.

The recurring fair value measurement for leasehold land and buildings, and the investment properties are included in level 3 of the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There was no transfer between levels 1, 2 and 3 during the period (six months ended 30 June 2023: Nil).

#### (b) Valuation techniques

The valuation of leasehold land and buildings and the investment properties were determined using the direct comparison method (31 December 2023: direct comparison method) (Level 3 approach) by making reference to comparable market transactions of similar properties. The most significant input into this valuation approach is the unit sales price, taking into account the differences in transaction time, location, frontage and size, etc. between the comparables and the properties.

For the leasehold land and buildings, the unit sales price as at 30 June 2024 amounts to HK\$66,300 (31 December 2023: HK\$69,900) per square foot on saleable area basis.

For the investment properties, the unit sales price as at 30 June 2024 amounts to HK\$21,300 (31 December 2023: HK\$22,600) per square foot on saleable area basis.

An increase in the unit sales price adopted would result in an increase in the fair value measurement of leasehold land and buildings, and the investment properties by the same magnitude, and vice versa.

## Notes to the Interim Condensed Consolidated Financial Information

### 14 INTANGIBLE ASSETS

	Mobile applications <i>HK\$'000</i>	Brand name <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost:</b>			
At 1 January 2023, 31 December 2023 and 30 June 2024	1,242	13,480	14,722
<b>Accumulated amortisation:</b>			
At 31 December 2023	(1,242)	(4,269)	(5,511)
Provided during the period ( <i>Note 8</i> )	–	(672)	(672)
At 30 June 2024	<b>(1,242)</b>	<b>(4,941)</b>	<b>(6,183)</b>
<b>Net book value</b>			
At 31 December 2023	–	9,211	9,211
At 30 June 2024	<b>–</b>	<b>8,539</b>	<b>8,539</b>

Amortisation expenses of HK\$672,000 (six months ended 30 June 2023: HK\$669,000) have been charged within "other operating expenses" in the interim condensed consolidated statement of profit or loss.



## Notes to the Interim Condensed Consolidated Financial Information

### 15 LOAN AND INTEREST RECEIVABLES

	As at 30 June 2024 <i>HK\$'000</i> (Unaudited)	As at 31 December 2023 <i>HK\$'000</i> (Audited)
Loan and interest receivables		
– Property mortgage loans	<b>312,202</b>	271,727
– Personal loans	<b>510,970</b>	439,566
	<b>823,172</b>	711,293
Less: Provision for impairment – stage 1	<b>(53,641)</b>	(50,940)
Provision for impairment – stage 2	<b>(6,980)</b>	(6,102)
Provision for impairment – stage 3	<b>(23,291)</b>	(15,615)
	<b>(83,912)</b>	(72,657)
Loan and interest receivables, net of provision	<b>739,260</b>	638,636
Less: Non-current portion	<b>(500,141)</b>	(485,959)
Current portion	<b>239,119</b>	152,677

## Notes to the Interim Condensed Consolidated Financial Information

### 15 LOAN AND INTEREST RECEIVABLES (Continued)

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

Except for personal loan and interest receivables of HK\$510,970,000 as at 30 June 2024 (31 December 2023: HK\$439,566,000) which are unsecured, the loan and interest receivables are secured by collaterals, interest-bearing and repayable with fixed terms agreed with the customers.

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

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Within one year	239,119	152,677
One to two years	60,178	64,334
Two to five years	271,558	260,791
Over five years	168,405	160,834
	<u>739,260</u>	<u>638,636</u>

### 16 SHARE CAPITAL

	Number of ordinary shares '000	Nominal value of ordinary shares HK\$'000
<b>Authorised:</b> Ordinary share of HK\$0.08 each at 1 January 2023, 31 December 2023 and 30 June 2024	<u>2,800,000</u>	<u>224,000</u>
<b>Issued and fully paid:</b> At 31 December 2023 and 30 June 2024	<u>2,667,643</u>	<u>213,411</u>

## Notes to the Interim Condensed Consolidated Financial Information

### 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Equity securities held for trading	112	109

The financial assets are listed instruments denominated in Hong Kong dollars and are classified as current assets.

### 18 OTHER PAYABLES AND ACCRUALS

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Deferred consideration payable ( <i>Note</i> )	–	160,502
Rental deposits	158	100
Accrued audit fee	1,498	2,250
Accrued employee benefits expenses	2,546	2,066
Other payables and accrued expenses	5,240	4,381
	<b>9,442</b>	<b>169,299</b>

*Note:*

Deferred consideration payable represents the purchase consideration for acquiring aEasy Credit Investment Limited and its subsidiaries from Earth Axis Investment Limited, a company controlled by Mr. Tommy Lee, a director of the Company, on 23 September 2020. The balance of the consideration was settled by way of setting off against the equivalent amount of the disposal of the entire issued share capital of Termbray (Fujian) Land Development Company Limited, an indirect wholly-owned subsidiary of the Company, on 12 January 2024.

### 19 LOAN FROM A SHAREHOLDER

The Company has entered into a loan agreement dated 9 January 2024 with Mr. Tommy Lee, one of the shareholders of the Company, pursuant to which Mr. Tommy Lee agreed to provide the Company a loan for the purpose of supporting the Company's business development. As at 30 June 2024, the Company has drawn down a total amount of HK\$114,700,000. The loan is unsecured, bears interest at 3% per annum and is repayable in 2 years.

# Notes to the Interim Condensed Consolidated Financial Information

## 20 BUSINESS COMBINATION

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

The acquisition was completed on 30 April 2024. Upon completion, the Group exercises control over the Acquired Subsidiaries and have rights to return of the Acquired Subsidiaries. The Acquired Subsidiaries became the Company’s indirect wholly-owned subsidiaries. The Company expects that the Acquired Subsidiaries will bring in substantial strategic value to the Group and enable the Group to place less reliance on external suppliers in the development of information technology systems after the acquisition.

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

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

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

The acquired business contributed other income of HK\$1,727,000 and net loss of HK\$649,000 to the Group for the period from 30 April 2024 to 30 June 2024. Had the Acquired Subsidiaries been consolidated from 1 January 2024, the interim condensed consolidated statement of profit or loss would include pro-forma other income of HK\$6,519,000 and net loss of HK\$1,425,000.

# Notes to the Interim Condensed Consolidated Financial Information

## 21 RELATED PARTY DISCLOSURES

- (a) The amount due to a related company is unsecured, interest-free and repayable on demand. The carrying amount of the balance approximates its fair value and is denominated in Hong Kong dollars.
- (b) Other than the loan from a shareholder (Note 19), interest expense on loan from a shareholder (Note 9), amount due to a related company and deferred consideration payable (Note 18), the Company's related party transactions are as follows:

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Balances with related parties:		
Other receivables (Note i)	1,606	–
Lease liabilities (Note ii)	26	96
	<u>1,632</u>	<u>96</u>
	Six months ended 30 June 2024 HK\$'000 (Unaudited)	Six months ended 30 June 2023 HK\$'000 (Unaudited)
Transactions with related parties:		
IT service income (Note i)	1,727	–
Lease payments (Note ii)	72	72
Rental income (Note iii)	–	465
	<u>1,800</u>	<u>537</u>

*Note:*

- (i) The amount represents receivables/income for IT services provided to three related companies, which are ultimately held by certain directors of the Company.
- (ii) The amount represents accruals/payments for leasing office premises to three related companies, which are ultimately held by certain directors of the Company.
- (iii) Pursuant to tenancy agreements entered into between Mr. Lee Wing Keung, a son of Mr. Lee Lap and brother of Mr. Tommy Lee, directors of the Company, and the Group, the Group leased its land and building to Mr. Lee Wing Keung for a term of three years from 16 March 2020 to 15 March 2023 at a monthly rental of HK\$155,000 (exclusive of rates, management fee and utility charges). The rental income recognised by the Group during the six months ended 30 June 2023 was HK\$465,000. The tenancy agreement was terminated on 15 March 2023 after maturity.
- (c) In the opinion of the directors, the directors of the Company represented the key management personnel of the Company. During the six months ended 30 June 2024, HK\$2,749,000 (six months ended 30 June 2023: HK\$3,289,000) was compensated to the key management personnel.

## Notes to the Interim Condensed Consolidated Financial Information

### 22 OPERATING LEASE COMMITMENTS – GROUP AS LESSOR

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

As at 30 June 2024, all of the properties leased out have committed tenants for one year (31 December 2023: ranging from one month to one year).

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

	As at 30 June 2024 HK\$'000 (Unaudited)	As at 31 December 2023 HK\$'000 (Audited)
Less than one year	5	24

### 23 DIVIDEND

No dividend was declared in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).