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Zero Fintech Group Limited
零在科技金融集團有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 00093)

ANNUAL RESULTS FOR THE YEAR
ENDED 31 DECEMBER 2024

RESULTS

The board of directors (the “Board”) of Zero Fintech Group Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3	261,781	196,609
Other income	4	1,538	1,801
Other losses, net	5	(2,833)	(467)
Fair value losses on investment property		(6,000)	(9,000)
Advertising and promotion expenses		(31,394)	(27,639)
Employee benefits expenses		(37,091)	(24,768)
Impairment losses on loan and interest receivables, net		(96,409)	(83,785)
Other operating expenses	6	<u>(46,921)</u>	<u>(25,591)</u>
Operating profit		42,671	27,160
Finance costs	7	<u>(5,681)</u>	<u>(7,084)</u>
Profit before income tax		36,990	20,076
Income tax expense	8	<u>(9,915)</u>	<u>(7,940)</u>
Profit for the year attributable to equity holders of the Company		<u>27,075</u>	<u>12,136</u>
Other comprehensive loss:			
<i>Item that may not be reclassified to profit or loss:</i>			
Losses on revaluation of leasehold land and buildings		(11,556)	(20,395)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(3,340)</u>	<u>(3,073)</u>
Other comprehensive loss for the year, net of tax		<u>(14,896)</u>	<u>(23,468)</u>
Total comprehensive income/(loss) for the year		<u>12,179</u>	<u>(11,332)</u>
Earnings per share for profit attributable to equity holders of the Company for the year (HK cents):			
Basic	10	1.01	0.45
Diluted	10	<u>1.01</u>	<u>0.45</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		205,516	213,255
Investment property	<i>11</i>	47,000	53,000
Intangible assets		7,859	9,211
Deferred income tax assets		9,618	7,876
Loan and interest receivables	<i>12</i>	600,166	485,959
Deposits		321	164
		<hr/>	<hr/>
		870,480	769,465
		<hr/>	<hr/>
Current assets			
Completed properties for sale		53,105	54,265
Loan and interest receivables	<i>12</i>	309,793	152,677
Repossessed assets		37,288	21,413
Deposits, prepayments and other receivables		8,402	5,821
Financial assets at fair value through profit or loss		89	109
Cash and cash equivalents		121,459	101,057
		<hr/>	<hr/>
		530,136	335,342
		<hr/>	<hr/>
Assets classified as held for sale		–	160,170
		<hr/>	<hr/>
Total assets		1,400,616	1,264,977
		<hr/>	<hr/>
EQUITY AND LIABILITIES			
Equity			
Share capital		213,411	213,411
Reserves		879,543	867,364
		<hr/>	<hr/>
Total equity		1,092,954	1,080,775
		<hr/>	<hr/>

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES		
Non-current liabilities		
Loan from a shareholder	160,439	–
Bank borrowing	112,000	–
Lease liabilities	4,890	579
	<u>277,329</u>	<u>579</u>
Current liabilities		
Other payables and accruals	16,094	169,299
Amount due to a related company	1,245	1,337
Bank borrowing	422	–
Lease liabilities	2,924	924
Income tax payable	9,648	12,032
	<u>30,333</u>	<u>183,592</u>
Liabilities directly associated with assets classified as held for sale	–	31
	<u>307,662</u>	<u>184,202</u>
Total liabilities	307,662	184,202
Total equity and liabilities	1,400,616	1,264,977

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. They have been prepared under the historical cost convention, except for leasehold land and buildings, investment property and financial assets at fair value through profit or loss (“FVPL”), which are carried at fair value at the end of each reporting period.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) Amended standards and interpretations effective for the financial period beginning on 1 January 2024:

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
Hong Kong Interpretations 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 adoption of these amended standards and interpretations did not result in any substantial change to the Group’s accounting policies. The amended standards and interpretations listed above had no material impact on the consolidated financial statements.

(b) The following new and amended standards and interpretations have been issued, but are not effective for the financial year beginning on 1 January 2024 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretations 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new and amended standards and interpretations as and when they become effective. The directors of the Group have performed preliminary assessment and do not anticipate any significant impact on the Group’s financial position and results of operations upon adopting these new and amended standards and interpretations to existing HKFRS.

2. SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision maker (“CODM”) that are used to make strategic decisions. The CODM is identified as the executive directors of the Company.

During the year ended 31 December 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 People’s Republic of China (“PRC”) and property investment for letting of properties in Hong Kong and the PRC.
- Money lending – Provision of mortgage and personal loan 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 consolidated financial statements.

The segment results and other segment items are as follows:

	Property development and investment <i>HK\$’000</i>	Money lending <i>HK\$’000</i>	Segment total <i>HK\$’000</i>	Unallocated revenue <i>HK\$’000</i>	Total <i>HK\$’000</i>
For the year ended 31 December 2024					
Revenue	1,511	257,469	258,980	2,801	261,781
Segment results	(8,414)	48,688	40,274		40,274
Unallocated revenue					2,801
Unallocated other income					48
Unallocated other gains, net					2,953
Unallocated expenses					(9,086)
Profit before income tax					36,990
For the year ended 31 December 2023					
Revenue	2,080	194,529	196,609	–	196,609
Segment results	(8,457)	34,821	26,364		26,364
Unallocated other income					171
Unallocated other gains, net					1,776
Unallocated expenses					(8,235)
Profit before income tax					20,076

For the years ended 31 December 2024 and 31 December 2023, unallocated expenses and unallocated other gains and losses represent corporate expenses and unrealised net exchange gains/(losses), respectively. Segment results represent the profit/(loss) before income tax earned by each segment without allocation of certain revenue, 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 HK\$'000	Money lending HK\$'000	Total HK\$'000
As at 31 December 2024			
Assets			
Segment assets	<u>171,977</u>	<u>1,018,064</u>	1,190,041
Unallocated assets			<u>210,575</u>
Total assets			<u>1,400,616</u>
Liabilities			
Segment liabilities	<u>10,074</u>	<u>291,762</u>	301,836
Unallocated liabilities			<u>5,826</u>
Total liabilities			<u>307,662</u>
As at 31 December 2023			
Assets			
Segment assets	<u>340,500</u>	<u>704,489</u>	1,044,989
Unallocated assets			<u>219,988</u>
Total assets			<u>1,264,977</u>
Liabilities			
Segment liabilities	<u>10,247</u>	<u>170,771</u>	181,018
Unallocated liabilities			<u>3,184</u>
Total liabilities			<u>184,202</u>

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 lease liabilities and certain other payables and accruals.

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

	Property development and investment HK\$'000	Money lending HK\$'000	Unallocated HK\$'000	Total HK\$'000
For the year ended 31 December 2024				
Depreciation	–	(1,331)	(2,934)	(4,265)
Amortisation	–	(1,352)	–	(1,352)
Interest income	386	191	3	580
Interest expense	–	(5,642)	(39)	(5,681)
Income tax expense	(79)	(9,836)	–	(9,915)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
For the year ended 31 December 2023				
Depreciation	–	(1,246)	(2,605)	(3,851)
Amortisation	–	(1,348)	–	(1,348)
Interest income	1,029	514	164	1,707
Interest expense	–	(7,084)	–	(7,084)
Income tax expense	(224)	(7,716)	–	(7,940)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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 deferred income tax assets, by geographical location are as follows:

	Revenue from external customers		Non-current assets	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong	257,469	194,994	859,442	761,573
The PRC	4,312	1,615	1,420	16
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	261,781	196,609	860,862	761,589
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

For the years ended 31 December 2024 and 31 December 2023, no single customer contributed to 10% or more of the Group's total revenue.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Reportable segment assets	1,190,041	1,044,989
Property, plant and equipment	198,380	211,000
Deposits, prepayments and other receivables	2,131	2,083
Financial assets at fair value through profit or loss	89	109
Cash and cash equivalents	9,975	6,796
	<hr/>	<hr/>
Total assets	1,400,616	1,264,977
	<hr/>	<hr/>
Reportable segment liabilities	301,836	181,018
Amount due to a related company	1,245	1,337
Other payables and accruals	3,449	1,847
Lease liabilities	1,132	–
	<hr/>	<hr/>
Total liabilities	307,662	184,202
	<hr/>	<hr/>

3. REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income from money lending business	257,469	194,529
Rental income from investment property and completed properties for sale	1,511	2,080
Information Technology (“IT”) service income – recognised over time	2,801	–
	<hr/>	<hr/>
	261,781	196,609
	<hr/>	<hr/>

4. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income on bank deposits	580	1,707
Handling fee income	821	62
Sundry income	137	32
	<u>1,538</u>	<u>1,801</u>

5. OTHER LOSSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Provision for impairment of repossessed assets	(3,743)	(1,179)
Gain on disposal of property, plant and equipment	230	–
Exchange gains, net	703	610
Impairment loss of goodwill on acquisition of subsidiaries	(3)	–
Fair value (loss)/gain on financial assets at fair value through profit or loss	(20)	2
Others	–	100
	<u>(2,833)</u>	<u>(467)</u>

6. OTHER OPERATING EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration		
– Audit services	2,285	2,250
– Non-audit services	955	350
Amortisation of intangible assets	1,352	1,348
Bank charges	2,672	2,105
Commission expenses	8,761	1,115
Computer accessories	6,769	6,185
Depreciation of property, plant and equipment	4,265	3,851
Expenses relating to short-term leases	274	336
Legal and professional fees	4,195	1,438
Valuation and search fees	3,953	2,526
Research and development expenditure	4,674	–
Handling fee expenses	986	154
Others	5,780	3,933
	<u>46,921</u>	<u>25,591</u>

7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unwinding of interest on deferred consideration payable	–	7,034
Interest expense on lease liabilities	106	50
Interest expense on loan from a shareholder	3,172	–
Interest expense on bank borrowing	1,403	–
Amortisation of loan arrangement fee	1,000	–
	<u>5,681</u>	<u>7,084</u>

8. INCOME TAX EXPENSE

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods. The Group has estimated the tax provision for PRC Land Appreciation Tax according to the requirements set forth in the relevant PRC tax laws and regulations.

Hong Kong profits tax for the year ended 31 December 2024 have been provided for the rate of 8.25% for the first HK\$2,000,000 estimated assessable profits and 16.5% for estimated assessable profits above HK\$2,000,000 for an entity of the Group qualified for the two-tiered profits tax rates regime. For group entities not qualifying for the two-tiered profits tax rates regime, Hong Kong profits tax has been provided for at a flat rate of 16.5% (2023: Same).

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
– PRC enterprise income tax	79	230
– Hong Kong profits tax	11,578	11,376
– Over-provision in prior years	–	(6)
	<u>11,657</u>	<u>11,600</u>
Deferred income tax	<u>(1,742)</u>	<u>(3,660)</u>
Income tax expense	<u>9,915</u>	<u>7,940</u>

9. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (31 December 2023: Nil).

10. EARNINGS PER SHARE

Basic 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.

	2024	2023
Profit attributable to owners of the Company (<i>HK\$'000</i>)	27,075	12,136
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>2,667,643</u>	<u>2,667,643</u>
Basic earnings per share (<i>HK cents</i>)	<u>1.01</u>	<u>0.45</u>

Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023 and hence the diluted earnings per share is the same as the basic earnings per share.

11. INVESTMENT PROPERTY

	<i>HK\$'000</i>
At 1 January 2023	222,000
Reclassified as held for sale	(160,000)
Fair value loss on revaluation	<u>(9,000)</u>
At 31 December 2023	53,000
Fair value loss on revaluation	<u>(6,000)</u>
At 31 December 2024	<u>47,000</u>

At 31 December 2024, there was one (2023: one) investment property. The Group is still searching for potential tenant for the investment property.

The Group leased out its investment property under non-cancellable operating lease arrangements, the lease agreement was terminated on 15 March 2023 after maturity. The lease term was 3 years. The Group had classified these leases as operating leases. Rental income from this investment property for the year ended 31 December 2023 amounted to HK\$465,000. The property was reclassified as asset held for sale as at 31 December 2023.

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

The Group's investment property was valued as at 31 December 2024 by an independent professionally qualified valuer, Vincorn Consulting and Appraisal Limited (2023: Vigers Appraisal & Consulting Limited), who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the investment property valued. For the investment property, its current use equates to the highest and best use. The fair value loss is included in the consolidated statement of profit or loss.

The recurring fair value measurement for investment property is included in level 3 of the fair value hierarchy. The Group's policy is to recognise transfers into and transfers out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between levels 1, 2 and 3 during the year (2023: Nil).

(b) **Valuation techniques**

The valuation of investment property was determined using the direct comparison method (Level 3 approach) (2023: direct comparison method) by making reference to comparable market transactions of similar properties. At the time of the fair value estimates, the highest and best use of the property was its current use. For the property valued based on the direct comparison method, the most significant input into this valuation approach is the unit sale price, taking into account the differences in transaction time, location and size etc. between the comparables and the property, which amounted to HK\$20,100 (2023: HK\$22,600) per square foot on a saleable area basis. An increase in the unit sale price adopted would result in an increase in the fair value measurement of the investment property by the same magnitude, and vice versa.

12. LOAN AND INTEREST RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Loan and interest receivables		
– Property mortgage loans	342,227	271,727
– Personal loans	658,983	439,566
	<u>1,001,210</u>	<u>711,293</u>
Less: Provision for impairment	<u>(91,251)</u>	<u>(72,657)</u>
Loan and interest receivables, net of provision	909,959	638,636
Less: Non-current portion	<u>(600,166)</u>	<u>(485,959)</u>
Current portion	<u>309,793</u>	<u>152,677</u>

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.

As at 31 December 2024, bank borrowing of HK\$112,422,000 were secured by gross balances of loan and interest receivables of HK\$158,481,000 in aggregate. There were no pledged loan and interest receivables as at 31 December 2023.

Except for personal loan and interest receivables of HK\$658,983,000 as at 31 December 2024 (2023: HK\$439,566,000) which were unsecured, the remaining loan and interest receivables were secured by collaterals, interest-bearing and repayable with fixed terms agreed with the borrowers.

Borrowers are required to repay the outstanding loans balances by monthly instalments over the term of the corresponding loan and interest receivables.

The aging of the gross balance of loan and interest receivables analysed by loan contracts based on their due dates are as follow:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Not overdue	865,309	595,294
1 – 30 days past due	39,152	41,981
31 – 60 days past due	5,069	5,334
61 – 90 days past due	38,249	16,683
Over 90 days past due	53,431	52,001
	<u>1,001,210</u>	<u>711,293</u>

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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within one year	309,793	152,677
One to two years	91,960	64,334
Two to five years	249,794	260,791
Over five years	258,412	160,834
	<u>909,959</u>	<u>638,636</u>

13. SUBSEQUENT EVENTS

There were no material events undertaken by the Group after 31 December 2024.

RESULTS

The Group recorded a revenue of HK\$261,781,000 and a profit of HK\$27,075,000 for the year ended 31 December 2024, compared with a revenue of HK\$196,609,000 and profit of HK\$12,136,000 for the year ended 31 December 2023.

The profit for the current year is primarily due to the aggregate effect upon recognition of the following items:

- (i) interest income from the money lending business recorded of approximately HK\$257.5 million for the current year (2023: HK\$194.5 million), representing an increase of approximately HK\$63.0 million as compared with the year ended 31 December 2023;
- (ii) net impairment losses on loan and interest receivables of approximately HK\$96.4 million;
and
- (iii) fair value losses of approximately HK\$6.0 million on the investment property.

DIVIDEND

No interim dividend was paid by the Company for the six months ended 30 June 2024 (30 June 2023: Nil).

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (31 December 2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (“AGM”) is scheduled to be held on Thursday, 19 June 2025. To determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 13 June 2025 to Thursday, 19 June 2025 (both days inclusive), during which no transfer of shares will be effected. In order to qualify for attendance of the AGM, all completed transfer forms accompanied with the relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 12 June 2025.

REVIEW OF OPERATIONS

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 in the property market in Zhongshan is keen as there are abundant supplies of properties with modern design. Although the commercial arcades are still vacant, the management has put a lot of efforts into marketing the properties and is endeavouring to improve the operation of the commercial arcades.

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

During the year of 2024, no sale transactions were approved and registered in the government's property sale system. The Group had no sale of residential unit during the year of 2024 (2023: Nil). The rental income earned by the Group from Ever Success Plaza during the year ended 31 December 2024 decreased by approximately 6% compared with the year ended 31 December 2023. As at 31 December 2024, 56 residential units remained to be sold, out of which 3 residential units were let out.

Money Lending

In order to provide 24/7 borrowing experience, customers can apply for revolving loans via the Group's lending mobile application "X Wallet" App (the "X Wallet"), which is for unsecured loans only. The whole lending process for revolving loans involves no human intervention. Basically, it 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 under revolving loan facilities 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 through X Wallet. 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 loan facilities granted by credit committee are all term loan facilities 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 majority of loan period for unsecured loans are ranged from 2 years to 7 years. The maximum amount of unsecured loan could be as high as HK\$800,000.

The number of active customers of unsecured loans increased from 13,491 as at 31 December 2023 to 15,523 as at 31 December 2024. The increase in number of active customers improved the results of unsecured loans and generated revenue of approximately HK\$211,117,000 during the year ended 31 December 2024 (2023: HK\$157,548,000).

The majority of interest rates for unsecured loans ranged from 25% to 48% per annum and the weighted average interest rate charged was approximately 40% per annum. Loan amounts for unsecured loans ranged from HK\$5,000 to HK\$800,000.

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 creditworthiness 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 12% to 24% per annum and the weighted average interest rate charged was approximately 15% 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\$100,000,000.

As at 31 December 2024, the number of mortgage loans customers was 70, of which the top 10 customers represented 72% of total mortgage loan receivables, and the number of unsecured loans customers was 15,523, of which top 10 customers represented 1% of total unsecured loan receivables. The largest and five largest customers accounted for 10% and 22% respectively of the total loan receivables as at 31 December 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 application.

For unsecured loans applied via X Wallet, the Group assesses the credit quality of applicants 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 31 December 2024, the net loan and interest receivables of the Group amounted to HK\$909,959,000. The provision for impairment of loan and interest receivables as at 31 December 2024 under the ECL model amounted to HK\$91,251,000.

The Group considers that default has occurred when the loan 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 year ended 31 December 2024, the Group had written off loan and interest receivables totalling approximately HK\$73,376,000, based on the (1) bankruptcy of the borrowers, and (2) death of the debtors.

Internal Control Procedures

The following internal control measures have been implemented for the carrying out 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 revolving 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 term 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 collection department is responsible for loan collection and it seeks management's opinion for further actions when necessary. The collection 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 collection department will engage external debt collection agents to collect the debt. For secured loans, the collection 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).

Others

On 30 April 2024, the Group announced the acquisition of 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 PRC through its subsidiaries.

Save as disclosed above, there were no acquisitions of other major subsidiaries or associates during the year ended 31 December 2024.

OUTLOOK

Looking ahead to 2025, economic conditions are expected to remain challenging for Hong Kong along with the global economic slowdown, inflation, political uncertainty, etc. Nevertheless, with the 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 year, 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 Termbray 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group remained cash-sufficient and there were no material capital expenditure commitments. The Group’s operations are financed by loan from a shareholder, bank borrowing, capital and reserves and cash generated from operations.

Bank balances and cash amounted to approximately HK\$121 million and accounted for approximately 23% of total current assets.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total equity is calculated as ‘equity’ as shown in the consolidated statement of financial position. The Group’s strategy remains unchanged and the gearing ratio and net cash position of the Group as at 31 December 2024 are as follows:

	2024	2023
	<i>HK\$’000</i>	<i>HK\$’000</i>
Total liabilities	307,662	184,202
Less: cash and cash equivalents	(121,459)	(101,057)
Net debt	186,203	83,145
Total equity	1,092,954	1,080,775
Gearing ratio	17%	8%

The Group mainly operates in the PRC and Hong Kong, and is exposed to foreign exchange risk 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.

STAFF

As at 31 December 2024, the Group employed 112 staff at market remunerations with staff benefits such as insurance, provident fund scheme and discretionary bonus.

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 year.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance and firmly believes that maintaining a good, solid and sensible framework of corporate governance will help ensure that the Company’s business is run in the best interests of its shareholders as a whole.

The Company has adopted all the code provisions in the Corporate Governance Code (“the CG Code”) contained in Appendix C1 of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its own code on corporate governance practices.

The Company has complied with the CG Code during the year ended 31 December 2024 save 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 Termbay 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 3 years, while directors holding the office of chairman or managing director shall be subject to re-election once every 3 years.

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.

In response to specific enquiry made, all directors confirmed that they have complied with the Model Code throughout the year ended 31 December 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, which is chaired by Mr. Shu Wa Tung, Laurence, has been established with defined terms of reference in alignment with the recommendations set out in “A Guide for Effective Audit Committees” issued by the Hong Kong Institute of Certified Public Accountants and the code provisions set out in the CG Code of the Listing Rules. Other members of the audit committee during the year are Mr. Wu Wai Pan and Ms. Chak Wai Ting. The audit committee meets no less than twice a year with the senior management and the external auditors to review the accounting principles and practices adopted by the Group and other financial reporting matters, assures the completeness, accuracy and fairness of the financial statements of the Group, discuss the effectiveness of the systems of internal control throughout the Group and most importantly, reviews all significant business affairs managed by the executive directors in particular on connected transactions. The audit committee also provides advice and recommendations to the Board and oversees all matters relating to the external auditors, and it plays an important role in monitoring and safeguarding the independence of external auditors.

REVIEW OF RESULTS BY AUDIT COMMITTEE

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed with the management of the Company on financial reporting matters including a review of the audited consolidated financial statements of the Company for the year ended 31 December 2024.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

OTHER INFORMATION

The Directors of the Company as at the date of this announcement are as follows:

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

By order of the Board
Zero Fintech Group Limited
Lee Lap
Chairman

Hong Kong, 27 March 2025