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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)

ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the “Board”) of Zero Fintech Group Limited (the “Company”) presents to shareholders of the Company the unaudited interim condensed consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2025 and the Group’s unaudited interim condensed consolidated statement of financial position as at 30 June 2025 together with the comparative figures as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
	<i>Note</i>		
Revenue	4	159,338	116,981
Other income	4	1,393	2,473
Other losses, net	4	(838)	(1,794)
Fair value losses on the investment property		(400)	(3,000)
Impairment losses on loan and interest receivables, net	7	(67,195)	(43,530)
Advertising and promotion expenses		(15,253)	(12,902)
Employee benefits expenses		(23,236)	(18,281)
Other operating expenses		(20,254)	(18,442)
		<hr/>	<hr/>
Operating profit		33,555	21,505
Finance costs	6	(8,934)	(1,123)
		<hr/>	<hr/>
Profit before income tax		24,621	20,382
Income tax expense	8	(5,733)	(5,673)
		<hr/>	<hr/>
Profit for the period attributable to equity holders of the Company	5	18,888	14,709
		<hr/>	<hr/>

		Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
	<i>Note</i>		
Other comprehensive income/(loss):			
<i>Item that may not be reclassified to profit or loss:</i>			
Losses on revaluation of leasehold land and buildings	10	(820)	(9,778)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>2,167</u>	<u>(730)</u>
Other comprehensive income/(loss) for the period, net of tax		<u><u>1,347</u></u>	<u><u>(10,508)</u></u>
Total comprehensive income for the period		<u><u>20,235</u></u>	<u><u>4,201</u></u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share for profit attributable to equity holders of the Company for the period:			
Basic	9	0.71	0.55
Diluted		<u>0.71</u>	<u>0.55</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment	10	203,599	205,516
Investment property	10	46,600	47,000
Intangible assets		9,951	7,859
Deferred income tax assets		11,715	9,618
Loan and interest receivables	11	687,622	600,166
Deposits		280	321
		<u>959,767</u>	<u>870,480</u>
Current assets			
Completed properties for sale		53,926	53,105
Loan and interest receivables	11	237,882	309,793
Repossessed assets		43,011	37,288
Deposits, prepayments and other receivables		12,868	8,402
Financial assets at fair value through profit or loss		110	89
Cash and cash equivalents		157,787	121,459
		<u>505,584</u>	<u>530,136</u>
Total assets		<u><u>1,465,351</u></u>	<u><u>1,400,616</u></u>
Equity and liabilities			
Equity			
Share capital		213,411	213,411
Reserves		899,778	879,543
Total equity		<u><u>1,113,189</u></u>	<u><u>1,092,954</u></u>

		As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
	<i>Note</i>		
Liabilities			
Non-current liabilities			
Loan from a shareholder		–	160,439
Bank borrowing	13	215,000	112,000
Lease liabilities		4,376	4,890
		<u>219,376</u>	<u>277,329</u>
Current liabilities			
Other payables and accruals	12	12,527	16,094
Amount due to a related company		1,241	1,245
Loan from a shareholder		97,582	–
Bank borrowing	13	395	422
Lease liabilities		3,436	2,924
Income tax payable		17,605	9,648
		<u>132,786</u>	<u>30,333</u>
Total liabilities		<u>352,162</u>	<u>307,662</u>
Total equity and liabilities		<u>1,465,351</u>	<u>1,400,616</u>

Notes

1. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” as 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 consolidated financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards.

2. ACCOUNTING POLICIES

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for leasehold land and buildings, investment property and financial assets at fair value through profit or loss, which are carried at fair value 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 interim condensed consolidated financial statements for the six months ended 30 June 2025 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024.

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

- (a) Amended standards effective for the financial period beginning on 1 January 2025:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
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The application of the amended standards in the current period listed above did not have any impact on the Group’s financial position and performance for the current and prior periods and/or on the disclosures set out in these interim condensed 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 2025 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Hong Kong Interpretation 5	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 Accounting Standards.

3. 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 2025, 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 (the "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 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>	Segment total <i>HK\$'000</i>	Unallocated revenue <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 June 2025 (Unaudited)					
Revenue	<u>755</u>	<u>155,498</u>	<u>156,253</u>	<u>3,085</u>	<u>159,338</u>
Segment results	<u>(946)</u>	<u>30,006</u>	<u>29,060</u>		<u>29,060</u>
Unallocated revenue					<u>3,085</u>
Unallocated other income					<u>29</u>
Unallocated other losses, net					<u>(34)</u>
Unallocated expenses					<u>(7,519)</u>
Profit before income tax					<u><u>24,621</u></u>
For the six months ended 30 June 2024 (Unaudited)					
Revenue	<u>794</u>	<u>116,187</u>	<u>116,981</u>	<u>–</u>	<u>116,981</u>
Segment results	<u>(2,503)</u>	<u>28,666</u>	<u>26,163</u>		<u>26,163</u>
Unallocated other income					<u>1,747</u>
Unallocated other gains, net					<u>239</u>
Unallocated expenses					<u>(7,767)</u>
Profit before income tax					<u><u>20,382</u></u>

For the six months ended 30 June 2025 and 30 June 2024, unallocated expenses and unallocated other net 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 <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2025 (Unaudited)			
Assets			
Segment assets	<u>173,521</u>	<u>1,088,150</u>	1,261,671
Unallocated assets			<u>203,680</u>
Total assets			<u>1,465,351</u>
Liabilities			
Segment liabilities	<u>10,222</u>	<u>336,996</u>	347,218
Unallocated liabilities			<u>4,944</u>
Total liabilities			<u>352,162</u>
	Property development and investment <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2024 (Audited)			
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>

All assets are allocated to operating and reportable segments other than certain property, plant and equipment, certain intangible assets, financial assets at fair value through profit or loss, 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 six months ended 30 June 2025 (Unaudited)				
Depreciation	–	(2,174)	(1,529)	(3,703)
Amortisation	–	(668)	–	(668)
Interest income	60	22	17	99
Interest expense	–	(8,911)	(23)	(8,934)
Income tax expense	(2)	(5,731)	–	(5,733)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
For the six months ended 30 June 2024 (Unaudited)				
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)
	<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 the deferred income tax assets, by geographical location are as follows:

	Revenue from external customers		Non-current assets	
	Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Hong Kong	155,498	116,187	946,981	859,442
The PRC	3,840	794	1,071	1,420
	<u>159,338</u>	<u>116,981</u>	<u>948,052</u>	<u>860,862</u>

For the six months ended 30 June 2025, no single customer contributed to 10% or more of the Group's total revenue (30 June 2024: Same).

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

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Reportable segment assets	1,261,671	1,190,041
Property, plant and equipment	196,071	198,380
Intangible assets	1,110	–
Deposits, prepayments and other receivables	1,228	2,131
Financial assets at fair value through profit or loss	110	89
Cash and cash equivalents	5,161	9,975
	<hr/>	<hr/>
Total assets	1,465,351	1,400,616
	<hr/>	<hr/>
Reportable segment liabilities	347,218	301,836
Amount due to a related company	1,241	1,245
Other payables and accruals	2,787	3,449
Lease liabilities	916	1,132
	<hr/>	<hr/>
Total liabilities	352,162	307,662
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4. REVENUE, OTHER INCOME AND OTHER LOSSES, NET

Revenue, other income and other losses, net recognised during the period are as follows:

	Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
Revenue		
Interest income from money lending business	155,498	116,187
Rental income from completed properties for sale	755	794
Information technology (“IT”) service income – recognised over time	3,085	–
	<hr/>	<hr/>
	159,338	116,981
	<hr/>	<hr/>

	Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
Other income		
Interest income on bank deposits	99	404
Handling fee income	875	320
IT service income	–	1,727
Sundry income	419	22
	<u>1,393</u>	<u>2,473</u>

	Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
Other losses, net		
Provision for impairment of repossessed assets	(533)	(2,273)
Unrealised net exchange (loss)/gain	(326)	249
Fair value gains on financial assets at fair value through profit or loss	21	3
Gain on disposal of property, plant and equipment	–	230
Impairment loss of goodwill on acquisition of subsidiaries	–	(3)
	<u>(838)</u>	<u>(1,794)</u>

5. PROFIT FOR THE PERIOD

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

	Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
Depreciation of property, plant and equipment (<i>Note 10</i>)	3,703	2,010
Amortisation of intangible assets	668	672
Expenses relating to short-term leases	185	136
	<u>4,556</u>	<u>2,818</u>

6. FINANCE COSTS

	Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
Interest expense on lease liabilities	329	51
Interest expense on loan from a shareholder	1,240	1,072
Interest expense on bank borrowing	5,365	–
Amortisation of loan arrangement fee	2,000	–
	<u>8,934</u>	<u>1,123</u>

7. IMPAIRMENT LOSSES ON LOAN AND INTEREST RECEIVABLES, NET

	Six months ended 30 June 2025 <i>HK\$'000</i> (Unaudited)	Six months ended 30 June 2024 <i>HK\$'000</i> (Unaudited)
Loan and interest receivables		
– Net charge for provision for impairment	69,888	45,458
– Recoveries of loan and interest receivables previously written-off	(2,693)	(1,928)
	<u>67,195</u>	<u>43,530</u>

8. INCOME TAX EXPENSE

Taxation has been calculated on the estimated assessable profits for the six months ended 30 June 2025 at the rates of taxation prevailing in the countries/places in which the Group operates (30 June 2024: Same). 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/(credited) to the interim condensed consolidated statement of profit or loss represents:

	Six months ended 30 June 2025 HK\$'000 (Unaudited)	Six months ended 30 June 2024 HK\$'000 (Unaudited)
Current income tax		
– PRC enterprise income tax	2	55
– Hong Kong profits tax	7,828	6,311
	<u>7,830</u>	<u>6,366</u>
Deferred income tax	(2,097)	(693)
Income tax expense	<u>5,733</u>	<u>5,673</u>

9. EARNINGS PER SHARE

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

	Six months ended 30 June 2025 (Unaudited)	Six months ended 30 June 2024 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	18,888	14,709
Weighted average number of ordinary shares in issue (thousand shares)	<u>2,667,643</u>	<u>2,667,643</u>
Basic earnings per share (HK cents)	<u>0.71</u>	<u>0.55</u>

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2025 and hence the diluted earnings per share is the same as the basic earnings per share (30 June 2024: Same).

10. PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTY

	Property, plant and equipment <i>HK\$'000</i> (Unaudited)	Investment property <i>HK\$'000</i> (Unaudited)
30 June 2025		
Cost or revaluation:		
At 1 January 2025	221,767	47,000
Additions	2,588	–
Loss on revaluation	(2,000)	–
Fair value loss	–	(400)
Exchange realignment	32	–
	<hr/>	<hr/>
At 30 June 2025	<u>222,387</u>	<u>46,600</u>
Accumulated depreciation:		
At 1 January 2025	(16,251)	–
Depreciation charge during the period (<i>Note 5</i>)	(3,703)	–
Loss on revaluation	1,180	–
Exchange realignment	(14)	–
	<hr/>	<hr/>
At 30 June 2025	<u>(18,788)</u>	<u>–</u>
Net book value		
At 30 June 2025	<u>203,599</u>	<u>46,600</u>
An analysis of cost or revaluation:		
At cost	8,599	–
At revaluation	195,000	–
At fair value	–	46,600
	<hr/>	<hr/>
	<u>203,599</u>	<u>46,600</u>

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

The Group has accounted for leasehold land and buildings within property, plant and equipment using the revaluation model, and the investment property using the fair value model. As at 30 June 2025, leases recognised as right-of-use assets amounted to HK\$7,540,000 (31 December 2024: HK\$7,701,000) and are included in property, plant and equipment presented in the interim condensed consolidated statement of financial position.

(a) Valuation process of the Group

The Group's leasehold land and buildings, and the investment property were valued at 30 June 2025 by an independent professionally qualified valuer, Vincorn Consulting and Appraisal Limited ("Vincorn"), who holds a recognised relevant professional qualification and has recent experience in the locations and segments of the leasehold land and buildings, and investment property valued (31 December 2024: Same).

For leasehold land and buildings, its current use equates to the highest and best use. During the six months ended 30 June 2025, the resulting loss arising on revaluation of HK\$820,000 (30 June 2024: HK\$9,778,000) has been debited to the property revaluation reserve.

For the investment property, its current use equates to the highest and best use. The fair value losses 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 property 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 (30 June 2024: Nil).

(b) Valuation techniques

The valuation of leasehold land and buildings and the investment property were determined using the direct comparison method (31 December 2024: 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 2025 amounts to HK\$64,900 (31 December 2024: HK\$65,500) per square foot on saleable area basis.

For the investment property, the unit sales price as at 30 June 2025 amounts to HK\$19,900 (31 December 2024: HK\$20,100) 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 property by the same magnitude, and vice versa.

11. LOAN AND INTEREST RECEIVABLES

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Loan and interest receivables		
– Property mortgage loans	251,530	342,227
– Personal loans	781,227	658,983
	<u>1,032,757</u>	<u>1,001,210</u>
Less: Provision for impairment	(107,253)	(91,251)
Loan and interest receivables, net of provision	925,504	909,959
Less: Non-current portion	(687,622)	(600,166)
Current portion	<u>237,882</u>	<u>309,793</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.

Except for personal loan and interest receivables of HK\$781,227,000 as at 30 June 2025 (31 December 2024: HK\$658,983,000) which are unsecured, the loan and interest receivables are secured by collaterals, interest-bearing and repayable with fixed terms agreed with the customers.

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:

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Not overdue	878,440	865,309
1–30 days past due	57,377	39,152
31–60 days past due	5,955	5,069
61–90 days past due	9,538	38,249
Over 90 days past due	81,447	53,431
	<u>1,032,757</u>	<u>1,001,210</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:

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Within one year	237,882	309,793
One to two years	86,564	91,960
Two to five years	359,753	249,794
Over five years	241,305	258,412
	<u>925,504</u>	<u>909,959</u>

12. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Rental deposits	70	77
Accrued audit fee	1,535	2,285
Accrued employee benefits expenses	1,951	3,662
Other payables and accrued expenses	8,971	10,070
	<u>12,527</u>	<u>16,094</u>

13. BANK BORROWING

	As at 30 June 2025 <i>HK\$'000</i> (Unaudited)	As at 31 December 2024 <i>HK\$'000</i> (Audited)
Non-current		
Bank borrowing, secured	<u>215,000</u>	<u>112,000</u>
Current		
Bank borrowing, secured	<u>395</u>	<u>422</u>
	<u>215,395</u>	<u>112,422</u>

As at 30 June 2025, bank borrowing of HK\$215,395,000 (31 December 2024: HK\$112,422,000) was secured by the Group's loan and interest receivables with gross balances of HK\$310,297,000 (31 December 2024: HK\$158,481,000).

The bank borrowing is denominated in Hong Kong dollars and bears interest at floating rate. The weighted effective rate is 6.5% per annum as at 30 June 2025 (31 December 2024: 8.3% per annum). The carrying amount of the bank borrowing approximates its fair value.

The Group complied with the financial covenants of its bank borrowing facility during the six months ended 30 June 2025 (31 December 2024: Same).

14. DIVIDEND

No dividend was declared in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

15. SUBSEQUENT EVENTS

On 7 July 2025, X8 Finance Limited, an indirect wholly-owned subsidiary of the Company, as lender, entered into loan agreement with Horn King Limited, Dr. Ho Shung Pun and Mr. Ho Sai Wing as co-borrowers in the principal amount of HK\$57,000,000, which is secured by two floors of a residential property and a portion of garage space located in Hong Kong; and loan agreement with Mr. Ho Sai Wing and United Treasure (Hong Kong) Limited as co-borrowers in the principal amount of HK\$35,000,000, which is secured by a second mortgage over the land and the building erected in Hong Kong. Interest on the loans are 19% per annum with additional 3% per annum if they are default. The loans are repayable at the end of the 12 months' period.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

REVIEW OF OPERATIONS

During the current six months period under review, the Group achieved a revenue of HK\$159,338,000 (six months ended 30 June 2024: HK\$116,981,000) and recorded a profit for the period of HK\$18,888,000 (six months ended 30 June 2024: HK\$14,709,000).

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\$155,498,000 during the current period under review (six months ended 30 June 2024: HK\$116,187,000), representing an increase of approximately HK\$39,311,000 as compared with the six months ended 30 June 2024;
- (ii) net impairment losses on loan and interest receivables of approximately HK\$67,195,000; and
- (iii) fair value losses of HK\$400,000 on the investment property.

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 2025. 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 2025. The rental income earned by the Group from Ever Success Plaza during the six months ended 30 June 2025 decreased by approximately 5% compared with the six months ended 30 June 2024. As at 30 June 2025, 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 and instalment 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 through X Wallet 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 instalment loans such as debt consolidation loans and personal loans to customers granted by the credit department through X Wallet. The credit officers obtain basic information such as the applicant's name, contact details, background information, credit report, desired loan amount and purpose of the loan, etc. from the applicant. The loan facilities granted by credit department are terms 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 tenure of the majority of the unsecured loans ranged from 2 years to 7 years and the actual tenure may differ subject to customer's early repayment. The maximum amount of unsecured loan could be as high as HK\$1,500,000.

The number of active customers of unsecured loans increased from 15,523 as at 31 December 2024 to 16,851 as at 30 June 2025. The increase in number of active customers improved the results of unsecured loans and generated a revenue of approximately HK\$135,931,000 during the six months ended 30 June 2025 (six months ended 30 June 2024: HK\$94,845,000).

The majority of interest rates for unsecured loans ranged from 25% to 48% per annum and the weighted average interest rate charged was approximately 38% per annum. Loan amounts for unsecured loans ranged from HK\$5,000 to HK\$1,500,000.

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 12% to 24% per annum and the weighted average interest rate charged was approximately 16% 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 30 June 2025, the number of mortgage loans customers was 66, of which the top 10 customers represented 73% of the total mortgage loan receivables, and the number of unsecured loans customers was 16,851, of which the top 10 customers represented 1% of the total unsecured loan receivables. The largest and five largest customers combined accounted for 6% and 14% respectively of the total loan receivables as at 30 June 2025.

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 officers will obtain all mandatory information and supporting documents from the applicant. To assess the credit risk of each applicant, the credit department 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 revolving 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 authorisation 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 instalment loans such as debt consolidation loans and personal loans granted by the credit department, the credit officers will obtain all mandatory information and supporting documents from the applicant. To assess the credit risk of each applicant, the credit department 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 2025, the net loan and interest receivables of the Group amounted to HK\$925,504,000. The provision for impairment of loan and interest receivables as at 30 June 2025 under the ECL model amounted to HK\$107,253,000.

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 six months ended 30 June 2025, the Group had written off loan and interest receivables totalling approximately HK\$47,819,000, based on the (1) bankruptcy of the borrowers, and (2) death of the debtors.

Others

There were no acquisitions of major subsidiaries or associates during the six months ended 30 June 2025 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, bank borrowing, capital and reserves and cash generated from operations.

The Group mainly operates in Hong Kong and the PRC, 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 officers 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 officers 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 managers 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 Credit Information Services Limited 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 credit 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 instalment loans such as debt consolidation loans and personal loans granted by the credit department, the credit officers will obtain basic information such as the applicant's name, contact details, background information, credit report, desired loan amount and purpose of the loan, etc from the applicant. The credit officers will perform a preliminary review and verification of the application materials. The credit managers 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).

ORDER BOOK

Due to its business nature, the Group has no order book as at 30 June 2025. The Group has no new product and service to be introduced to the market as at 30 June 2025.

STAFF AND EMOLUMENT POLICY

As at 30 June 2025, the Group employed 124 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 2025, economic conditions are anticipated to remain challenging for Hong Kong amid ongoing global economic uncertainties, inflationary pressures, political dynamics, etc. However, with the continued growth of the lending mobile application X Wallet, the management believes that the Group will evolve into a comprehensive financial service platform. This will enable us to offer users an even broader range of services, enhancing payment solutions, shopping experiences, money management, and beyond.

In July 2025, the Group has launched a major branding campaign for X Wallet to distinguish itself in the competitive FinTech landscape. The theme “Act now! Outsmart the 99.9%!” is conceived to probe how the definition of true wealth had shifted over time. The campaign showcases the quick-witted exchanges between two outspoken celebrities, three-time Best Actor Anthony Wong and rising pop idol 193 (Denis Kwok Ka Chun), representing the personalities of two different generations to demonstrate a profound understanding of the evolving attitudes of the new generation, encouraging users to capitalise on opportunities at every life stage to achieve their aspirations.

Our marketing strategy does not only leverage a communications approach that breaks away from typical category norms, which often feature female brand ambassadors and catchy taglines, but also inspires users to embrace a new lifestyle brought by our AI-powered lending service – X Cash.AI, with approval results that can be as quick as 5 seconds and X Pay, an innovative payment service that allow users to enjoy the benefits of interest-free instalment payments over 3 terms without incurring any service fees under the flexible “Buy Now, Pay Later” model.

The official launch of our “talk of the town” brand campaign for the X Wallet marks a significant chapter in our mission to become Hong Kong’s top FinTech innovator. This is supported by a high-impact media deployment strategy designed to drive standout visibility and engagement, featuring a well-rounded mix of channels from offline to digital featuring iconic dominations such as in Hong Kong MTR Station Panorama Zone, Out-Of-Home network buys, paid and free television channels and a robust digital presence on key online and social media platforms.

The Group will proactively assess its loan portfolio and risk control measures, conduct thorough evaluations of collaterals and enforce stringent loan application criteria to minimise default risk. Additionally, the Group will uphold its core risk management principles, striving to enhance its risk pricing model. To boost market recognition, the Group will implement diverse marketing strategies to promote the X Wallet brand alongside its flagship services, X Cash.AI and X Pay.

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.

CORPORATE GOVERNANCE

The Company has met the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 of the Listing Rules during the six months ended 30 June 2025 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.

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 2025.

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 2025.

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 2025.

REVIEW OF INTERIM FINANCIAL INFORMATION

The interim condensed consolidated statement of profit or loss and other comprehensive income and interim condensed consolidated statement of financial position set out above in this announcement represents an extract from the condensed interim financial information, which are unaudited but have been reviewed by the Group's external auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410. PricewaterhouseCoopers' unmodified review report is included in the interim report to be sent to the shareholders of the Company.

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

Hong Kong, 28 August 2025

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