# Hong Kong Interbank Clearing Limited

31 December 2024

**Contents**

# Directors' Report

The directors submit herewith their report together with the audited consolidated financial statements of Hong Kong Interbank Clearing Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2024.

## Principal activities

The principal activities of the Company during the year were the provision of clearing services to banks in Hong Kong in respect of payment and settlement of funds in Hong Kong dollars, US dollars, Euros and Renminbi. The Company also provided fund settlement services to the Central Moneymarkets Unit of the Hong Kong Monetary Authority and clearing system development services. The principal activities of its subsidiaries are set out in note 1 to the consolidated financial statements.

## Recommended dividend

The Group's profit for the year ended 31 December 2024 and the Group's consolidated financial position at that date are set out in the consolidated financial statements on pages 9 to 11.

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

## Share capital

Details of share capital of the Company are set out in note 17 to the consolidated financial statements. There were no movements during the year.

## Directors

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

| | |
|---|---|
| Howard Tat Chi Lee | |
| Man Ching Chow | (resigned as alternate for Howard Tat Chi Lee and Hak Wan Pou on 17 January 2025 and appointed as director on 17 January 2025) |
| Hak Wan Pou | (resigned as director on 17 January 2025) |
| Tin Wai Hung | (appointed as alternate for Howard Tat Chi Lee and Man Ching Chow on 17 February 2025) |
| David Allen Grimme | |
| Marina Wing Yan Tong | (alternate for David Allen Grimme) |
| Nelson Ning So | (alternate for David Allen Grimme) |
| Guiwei Xing | |
| Kwun Hung Yip | (alternate for Guiwei Xing) |

## Directors (continued)

| | |
|---|---|
| Shing Kan Lee | (appointed as alternate for Guiwei Xing on 26 December 2024) |
| Yi Sun | (resigned as alternate for Guiwei Xing on 26 December 2024) |
| | |
| Darrell Scott Ryman | |
| Paul King Dao Wan | (alternate for Darrell Scott Ryman) |
| Shuk Fan Hung | (alternate for Darrell Scott Ryman) |
| | |
| Hon Shing Tong | |
| Kenny Pak Kin Au | (alternate for Hon Shing Tong) |
| Stephen Siu Yan Leung | (alternate for Hon Shing Tong) |
| | |
| Changyue Tian | |
| Zhengye Xue | (appointed as alternate for Changyue Tian on 31 January 2024) |
| Lai Yee Tam | (appointed as alternate for Changyue Tian on 31 January 2024) |
| Wing Kwan Chong | (resigned as alternate for Changyue Tian on 31 January 2024) |
| Peter Wai Hing Hui | (resigned as alternate for Changyue Tian on 31 January 2024) |
| | |
| Hugo Pak Hon Leung | |
| Fabien Simon | (alternate for Hugo Pak Hon Leung) |
| | |
| Man Tat Siu | |
| Siu Hong Cheng | |

There being no provision in the Company's Articles of Association for retirement of directors by rotation, all existing directors continue in office for the ensuing year.

## Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

## Directors' interests in transactions, arrangement or contracts

Messrs Howard Tat Chi Lee, Hak Wan Pou and Man Ching Chow and Ms. Tin Wai Hung are or were officers of the Hong Kong Monetary Authority (the "HKMA") from which the Company received service charges, system development and operation service fees, transaction fees and Trade Repository project income amounting to HK$38,479,688 (2023: HK$39,016,547), HK$149,466,597 (2023: HK$121,216,085), HK$820,302 (2023: HK$826,889) and HK$282,039,574 (2023: HK$22,099,214) respectively during the year. The Company also paid a standby backup service fee of HK$8,400 (2023: HK$8,400) and housing services for computer equipment of HK$88,800 (2023: HK$87,750) to the HKMA. The Company's subsidiaries received HK$43,920 (2023: HK$58,560), HK$1,711,164 (2023: HK$2,130,579), HK$26,106,795 (2023: HK$20,673,283) and HK$18,021,496 (2023: HK$10,240,576) from the HKMA for data centre services, HKICL Network services, implementation and production support fee of Commercial Data Interchange ("CDI") and Multiple Central Bank Digital Currency Bridge ("mBridge") projects respectively during the year. The Company's subsidiary also received loans of HK$154,400,000 (2023: HK$158,700,000) from the HKMA during the year.

Messrs David Allen Grimme, Nelson Ning So and Ms Marina Wing Yan Tong are directors or senior management of The Hongkong and Shanghai Banking Corporation Limited ("HSBC") from which the Company received transaction fees, system development fees, production support income and interest income amounting to HK$87,803,394 (2023: HK$75,328,695), HK$771,806 (2023: HK$4,080,094), HK$240,713 (2023: HK$225,825) and HK$1,419,135 (2023: HK$19) respectively during the year. The Company also paid staff housing loan interest of HK$1,020 (2023: HK$1,238) to HSBC and made employer's mandatory provident fund contributions of HK$5,858,000 (2023: HK$5,611,038) to funds managed by HSBC. The Company's subsidiaries received Direct Debit Authorisation Exchange service fee income of HK$125,794 (2023: HK$126,176), HKICL Network service fee income of HK$22,320 (2023: HK$22,228), Electronic Bill Presentment System service fee income of HK$2,745 (2023: HK$4,052), FPS Merchant Payment Scheme fee income of HK$1,730,400 (2023: HK$1,285,434), eTradeConnect project income of HK$Nil (2023: HK$848,536), Credit Reference Platform ("CRP") fee income of HK$1,016,149 (2023: HK$310,000) and interest income amounting to HK$6,965 (2023: HK$5,733) from HSBC during the year.

Messrs Guiwei Xing, Kwun Hung Yip, Shing Kan Lee and Ms Yi Sun are or were directors or senior management of Bank of China (Hong Kong) Limited ("BOCHK") from which the Company received transaction fees, system development fees, production support income and interest income amounting to HK$61,051,317 (2023: HK$55,220,583), HK$144,113 (2023: HK$Nil), HK$13,889,265 (2023: HK$13,461,753) and HK$10,070,715 (2023: HK$1,707,293) respectively during the year. The Company paid bank borrowing interest of HK$3,499,047 (2023: HK$3,592,773) to BOCHK during the year. The Company's subsidiaries received Direct Debit Authorisation Exchange service fee income of HK$30,841 (2023: HK$39,926), HKICL Network service fee income of HK$11,160 (2023: HK$11,114), Electronic Bill Presentment System service fee income of HK$400 (2023: HK$688), FPS Merchant Payment Scheme fee income of HK$1,304,607 (2023: HK$1,070,758), eTradeConnect project of HK$Nil (2023: HK$848,536), CRP fee income of HK$111,709 (2023: HK$85,000) and interest income amounting to HK$1,144,385 (2023: HK$300,058) from BOCHK during the year.

## Directors' interests in transactions, arrangement or contracts (continued)

Messrs Darrell Scott Ryman, Paul King Dao Wan and Ms Shuk Fan Hung are directors or senior management of Standard Chartered Bank (Hong Kong) Limited ("SCB") from which the Company received transaction fees, system development fees and interest income amounting to HK$47,350,976 (2023: HK$36,883,220), HK$200,395 (2023: HK$209,180) and HK$308,795 (2023: HK$237,352) respectively during the year. The Company's subsidiaries received Direct Debit Authorisation Exchange service fee income of HK$53,573 (2023: HK$61,927), HKICL Network service fee income of HK$11,160 (2023: HK$11,114), FPS Merchant Payment Scheme fee income of HK$652,565 (2023: HK$413,512), eTradeConnect project of HK$Nil (2023: HK$848,536), CRP annual subscription fee income of HK$564,071 (2023: HK$195,000) and interest income amounting to HK$Nil (2023: HK$34) from SCB during the year.

Messrs Hon Shing Tong, Kenny Pak Kin Au and Stephen Siu Yan Leung are directors or senior management of The Bank of East Asia, Limited ("BEA") from which the Company received transaction fees amounting to HK$7,304,895 (2023: HK$9,980,365) during the year. The Company's subsidiaries received Direct Debit Authorisation Exchange service fee income of HK$31,976 (2023: HK$32,442), HKICL Network service fee income of HK$11,160 (2023: HK$11,114), Electronic Bill Presentment System service fee income of HK$25 (2023: HK$21), FPS Merchant Payment Scheme fee income of HK$69,687 (2023: HK$42,377), eTradeConnect project of HK$Nil (2023: HK$848,536) and CRP fee income of HK$288,401 (2023: HK$195,000) from BEA during the year.

Messrs Changyue Tian, Sai Ming Chan, Zhengye Xue, Wing Kwan Chong, Peter Wai Hing Hui and Ms Lai Yee Tam are or were directors or senior management of Nanyang Commercial Bank, Limited ("NCB") from which the Company received transaction fees and interest income amounting to HK$3,870,449 (2023: HK$3,112,641) and HK$171 (2023: HK$136) respectively during the year. The Company's subsidiary received Direct Debit Authorisation Exchange service fee income of HK$4,192 (2023: HK$4,122), HKICL Network service fee income of HK$11,160 (2023: HK$11,114), FPS Merchant Payment Scheme fee income of HK$23,029 (2023: HK$17,798) and CRP fee income of HK$39,880 (2023: HK$30,000) from NCB during the year.

Messrs Hugo Pak Hon Leung and Fabien Simon are directors or senior management of BNP Paribas ("BNP") from which the Company received transaction fees amounting to HK$7,245,313 (2023: HK$6,719,219) during the year. The Company's subsidiaries received Direct Debit Authorisation Exchange service fee income of HK$84 (2023: HK$118), HKICL Network service fee income of HK$11,160 (2023: HK$11,114), eTradeConnect project of HK$Nil (2023: HK$848,536) and CRP fee income of HK$10,017 (2023: HK$10,000) from BNP during the year.

Save as disclosed above and the related party transactions and balances as disclosed in note 22(b) to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company, or any of the Company's subsidiaries was a party and in which a director nor a connected entity of a director of the Company had a material interest, whether directly or indirectly subsisted at the end of the year or at any time during the year.

## Directors' interests

At no time during the year was the Company or any of the Company's subsidiaries a party to any arrangement to enable the directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

## Management contracts

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

## Auditors

KPMG will retire at the forthcoming Annual General Meeting.

By order of the board

Guiwei Xing
Chairperson

Hong Kong

27 FEB 2025

KPMG

# Independent auditor's report to the members of Hong Kong Interbank Clearing Limited

*(Incorporated in Hong Kong with limited liability)*

## Opinion

We have audited the consolidated financial statements of Hong Kong Interbank Clearing Limited (the "Company") and its subsidiaries (the "Group") set out on pages 9 to 60, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

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

## Basis for opinion

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

## Information other than the consolidated financial statements and auditor's report thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent auditor's report to the members of Hong Kong Interbank Clearing Limited (continued)

*(Incorporated in Hong Kong with limited liability)*

## Responsibilities of the directors for the consolidated financial statements

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

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

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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

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

KPMG

# Independent auditor's report to the members of Hong Kong Interbank Clearing Limited (continued)

*(Incorporated in Hong Kong with limited liability)*

## Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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

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

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

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

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 FEB 2025

# Consolidated statement of financial position as at 31 December 2024

*(Expressed in Hong Kong dollars)*

| | Notes | At 31 December 2024 HK$ | At 31 December 2023 HK$ |
|---|---|---|---|
| **Non-current assets** | | | |
| Fixed assets | 9 | 440,336,569 | 486,278,662 |
| Intangible assets | 10 | 130,621,391 | 165,594,154 |
| Prepayment, deposits and account receivables | 12 | 14,262,327 | 19,096,764 |
| | | 585,220,287 | 670,969,580 |
| **Current assets** | | | |
| Prepayment, deposits and account receivables | 12 | 180,431,751 | 171,269,010 |
| Tax recoverable | | - | 8,457,549 |
| Cash and cash equivalents | 13 | 873,842,804 | 902,054,101 |
| | | 1,054,274,555 | 1,081,780,660 |
| **Current liabilities** | | | |
| Other payables | 14 | 236,584,571 | 191,250,080 |
| Deferred income | 16 | 532,983 | 421,528 |
| Bank borrowings | 18 | 6,159,594 | 5,773,822 |
| Lease liabilities | 15 | 18,453,342 | 15,997,533 |
| Borrowings from the HKMA | 19 | - | 11,600,000 |
| Tax payable | | 7,098,817 | - |
| | | 268,829,307 | 225,042,963 |
| **Net current assets** | | 785,445,248 | 856,737,697 |
| **Total assets less current liabilities** | | 1,370,665,535 | 1,527,707,277 |

# Consolidated statement of financial position as at 31 December 2024 (continued)

*(Expressed in Hong Kong dollars)*

| | Notes | At 31 December 2024 HK$ | At 31 December 2023 HK$ |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Other payables | 14 | 91,649,423 | 164,173,311 |
| Deferred income | 16 | 1,260,046 | 1,282,195 |
| Bank borrowings | 18 | 109,664,157 | 115,730,650 |
| Lease liabilities | 15 | 10,216,925 | 26,183,998 |
| Debt securities issued | 20 | - | 200,475,047 |
| Borrowings from the HKMA | 19 | 154,400,000 | 147,100,000 |
| Deferred tax liabilities | 8 | 9,740,312 | 18,192,579 |
| | | 376,930,863 | 673,137,780 |
| **Net assets** | | 993,734,672 | 854,569,497 |
| **Capital and reserves** | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 17 | 10,000 | 10,000 |
| Retained earnings | 17 | 993,724,672 | 854,559,497 |
| **Total equity** | | 993,734,672 | 854,569,497 |

Approved and authorised for issue by the board of directors on 27 February 2025.

Guiwei Xing
Director

Howard Tat Chi Lee
Director

The notes on pages 15 to 60 form part of these consolidated financial statements.

# Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024

*(Expressed in Hong Kong dollars)*

| | Notes | Year ended 31 December 2024 HK$ | Year ended 31 December 2023 HK$ |
|---|---|---|---|
| **Revenue** | 3 | 1,094,685,640 | 741,595,588 |
| Other income | 4 | 43,585,500 | 33,845,020 |
| **Total income** | | 1,138,271,140 | 775,440,608 |
| Staff costs | | (254,827,961) | (247,303,579) |
| Depreciation and amortisation | | (127,618,666) | (120,262,976) |
| Premises costs | | (15,811,695) | (16,066,645) |
| Operating expenses | | (573,743,093) | (255,008,678) |
| **Total expenses** | | (972,001,415) | (638,641,878) |
| **Profit from operations** | | 166,269,725 | 136,798,730 |
| Finance costs | | (7,115,676) | (8,665,040) |
| **Profit before taxation** | 5 | 159,154,049 | 128,133,690 |
| Income tax | 6 | (19,988,874) | (17,492,390) |
| **Profit for the year** | | 139,165,175 | 110,641,300 |
| **Other comprehensive income for the year** | | - | - |
| **Total comprehensive income for the year** | | 139,165,175 | 110,641,300 |

The notes on pages 15 to 60 form part of these consolidated financial statements.

# Consolidated statement of changes in equity for the year ended 31 December 2024

*(Expressed in Hong Kong dollars)*

| | *Share capital* HK$ (Note 17) | *Retained earnings* HK$ | *Total* HK$ |
|---|---|---|---|
| **At 1 January 2023** | 10,000 | 743,918,197 | 743,928,197 |
| **Changes in equity for the year:** | | | |
| Total comprehensive income for the year | - | 110,641,300 | 110,641,300 |
| **At 31 December 2023 and 1 January 2024** | 10,000 | 854,559,497 | 854,569,497 |
| **Changes in equity for the year:** | | | |
| Total comprehensive income for the year | - | 139,165,175 | 139,165,175 |
| **At 31 December 2024** | 10,000 | 993,724,672 | 993,734,672 |

The notes on pages 15 to 60 form part of these consolidated financial statements.

# Consolidated cash flow statement for the year ended 31 December 2024

*(Expressed in Hong Kong dollars)*

| | *Notes* | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | 159,154,049 | 128,133,690 |
| Adjustments for: | | | |
| - Depreciation charge | 5 | 79,055,214 | 74,604,482 |
| - Amortisation charge of intangible assets | 5 | 49,031,419 | 45,917,695 |
| - Amortisation of deferred income | 5 | (467,967) | (259,201) |
| - Interest income | 4 | (41,550,377) | (31,674,091) |
| - Interest expenses | | 7,115,676 | 8,665,040 |
| **Operating cash flows before changes in working capital** | | 252,338,014 | 225,387,615 |
| Increase in prepayment and receivables | | (12,231,764) | (32,481,328) |
| Decrease in payables | | (27,171,377) | (12,629,057) |
| **Cash generated from operations** | | 212,934,873 | 180,277,230 |
| Hong Kong profits tax paid | | (12,884,775) | (52,750,470) |
| **Net cash generated from operating activities** | | 200,050,098 | 127,526,760 |
| **Cash flows from investing activities** | | | |
| Payment for the purchase of fixed assets and intangible assets | | (44,123,744) | (95,746,702) |
| Interest received | | 49,435,819 | 19,967,042 |
| **Net cash generated from/(used in) investing activities** | | 5,312,075 | (75,779,660) |

# Consolidated cash flow statement for the year ended 31 December 2024 (continued)

*(Expressed in Hong Kong dollars)*

| | *Notes* | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Advance payment from the HKMA | | 557,273 | 1,097,720 |
| Repayment of borrowings from the HKMA | | (11,600,000) | - |
| Proceeds of borrowings from the HKMA | | 7,300,000 | 42,700,000 |
| Repayment of principal of bank borrowings | | (5,649,078) | (5,537,290) |
| Capital element of lease rentals paid | | (16,559,299) | (15,590,217) |
| Interest element of lease rentals paid | | (966,276) | (1,170,807) |
| Interest paid on bank borrowings | | (3,530,690) | (3,578,681) |
| Interest paid on debts securities issued | | (3,125,400) | (3,100,000) |
| Redemption of debt securities issued | | (200,000,000) | - |
| **Net cash (used in)/generated from financing activities** | | (233,573,470) | 14,820,725 |
| **Net (decrease)/increase in cash and cash equivalents** | | (28,211,297) | 66,567,825 |
| **Cash and cash equivalents at 1 January** | 13 | 902,054,101 | 835,486,276 |
| **Cash and cash equivalents at 31 December** | 13 | 873,842,804 | 902,054,101 |

The notes on pages 15 to 60 form part of these consolidated financial statements.

# Notes to the consolidated financial statements

*(Expressed in Hong Kong dollars unless otherwise indicated)*

## 1 Corporate and group information

Hong Kong Interbank Clearing Limited (the "Company") and its subsidiaries (together referred to as the "Group") are engaged in providing clearing services to banks in Hong Kong in respect of payment and settlement of funds in Hong Kong dollars, US dollars, Euros and Renminbi. The Company also provides fund settlement services to the Central Moneymarkets Unit ("CMU") of the Hong Kong Monetary Authority (the "HKMA") and clearing system development services.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is Unit B, 25/F, MG Tower, 133 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

**Information about subsidiaries**

HKICL Services Limited ("HSL") is a wholly-owned subsidiary of the Company. HSL is engaged in the provision of Commercial Credit Reference Agency services, data centre services, CD-ROM production services, Direct Debit Authorization Exchange services, HKICL Network services, Electronic Bill Presentment System services, Secure E-Mail Backup services and FPS Merchant Payment Scheme.

HKICL Technology Solutions Limited ("HTSL") is a wholly-owned subsidiary of the Company. HTSL is engaged in financial technologies (FinTech) to deliver projects which are not related to conventional payment services, including the development, implementation and operation of Commercial Data Interchange platform ("CDI"), HKICL cloud computing platform ("ICLCloud") and Multiple Central Bank Digital Currency Bridge ("mBridge").

Credit Reference Platform Limited ("CRPL") was established as a subsidiary wholly-owned by HTSL. CRPL is engaged in the operation of the Credit Reference Platform ("CRP") and the web-based Common Module ("CRP Common Module") under a Multiple Credit Reference Agencies Model, which aims to facilitate the exchange of encrypted consumer credit-related information between participating credit providers and selected credit reference agencies.

Hong Kong Trade Finance Platform Company Limited ("HKTFPCL") was established as a subsidiary wholly-owned by HTSL. HKTFPCL was operating the eTradeConnect system. Following the cease of its system operations in September 2023, HKTFPCL was officially deregistered on 18 October 2024.

## 2 Material accounting policies

### *(a) Statement of compliance*

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

### *(b) Basis of preparation of the consolidated financial statements*

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries.

The preparation of consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

### *(c) Changes in accounting policies*

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

## 2 Material accounting policies (continued)

None of the developments have had a material effect on how the Group's results and consolidated financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### *(d) Trade and other receivables*

Trade and other receivables are recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(k)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses as determined below:

The loss allowance is measured at an amount equal to lifetime expected credit losses ("ECLs"), which are those losses that are expected to occur over the expected life of the trade receivables. The loss allowance is estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of trade and other receivables through a loss allowance account.

The gross carrying amount of a trade debtor or other receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

### *(e) Financial assets and financial liabilities*

(i) Recognition and initial measurement

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

On initial recognition, the Group classifies financial assets as measured at amortised cost or FVTPL.

## 2 Material accounting policies (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI").

All other financial assets of the Group are measured at FVTPL.

*Business model assessment*

In making an assessment of the objective of the business model in which a financial asset is held, the Group considers all of the relevant information about how the business is managed, including:

- the documented investment strategy and the execution of this strategy in practice. This includes whether the investment strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how the investment manager is compensated: e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

*Assessment whether contractual cash flows are SPPI*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

## 2 Material accounting policies (continued)

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- leverage features;
- prepayment and extension features;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

*Reclassifications*

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets would be reclassified on the first day of the first reporting period following the change in the business model.

*Financial liabilities - Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

## 2 Material accounting policies (continued)

(iv) Impairment

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and

- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

## 2 Material accounting policies (continued)

*Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;

- a breach of contract such as a default or being more than 90 days past due; or

- it is probable that the borrower will enter bankruptcy or other financial reorganisation

Presentation of allowance for ECLs in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

*Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

## 2 Material accounting policies (continued)

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at FVTPL and foreign exchange gains and losses.

### *(f) Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with resulting gain or loss being recognised in profit or loss.

Investments in subsidiaries are stated at cost less any impairment losses (see note 2(e)(iv)). Any such impairment losses are recognised as an expense in profit or loss.

## 2 Material accounting policies (continued)

### *(g) Fixed assets and depreciation*

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(j)).

Depreciation is calculated to write off the cost or valuation of items of fixed assets, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

| | |
|---|---|
| - Land and buildings | Over the shorter of 50 years or remaining period of lease |
| - Infrastructure | 5 - 10 years |
| - Furniture and fixtures | 5 years |
| - Computer hardware/software | 3 - 5 years |
| - Office equipment | 4 years |
| - Telephone systems | 4 years |
| - Motor vehicle | 5 years |
| - Leasehold improvements | 3 years |

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

The carrying amounts of fixed assets are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss on the date of retirement or disposal.

Land and buildings are measured at fair value less any subsequent accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of fixed assets on a reducing balance basis over their estimated useful lives.

## 2 Material accounting policies (continued)

### *(h) Intangible assets*

Intangible assets mainly comprise of purchased and developed computer software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Computer software development costs recognised as assets are stated at cost less accumulated amortisation and impairment losses (see note 2(j)), if any. Amortisation of computer software is charged to the profit or loss on a straight-line basis over the assets' estimated useful lives, which in the ordinary course of business are 3 to 5 years, commencing from the date of first usage.

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

### *(i) Leased assets*

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease components and non-lease components, the Group does not elect to combine the lease and non-lease components. The Group has taken a simplified approach to consider and allocate costs from operating lease elements. For all leases other than property leases, the Group does not separate lease and non-lease components.

## 2 Material accounting policies (continued)

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(g) and 2(j)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

### *(j) Impairment of non-current assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- Fixed assets, including right-of-use assets (other than property carried at revalued amounts); and

- Intangible assets

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

## 2 Material accounting policies (continued)

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

### *(k) Contract assets and contract liabilities*

A contract asset is recognised when the Group recognises revenue (see note 2(q)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for impairment in accordance with the policy set out in note 2(e)(iv) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(d)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(q)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(d)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(q)).

## 2 Material accounting policies (continued)

### *(l) Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank and other financial institutions, including term deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### *(m) Interest-bearing borrowings*

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(s)).

### *(n) Employee benefits*

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

### *(o) Income tax*

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits. Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised.

## 2 Material accounting policies (continued)

### *(p) Provisions and contingent liabilities*

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### *(q) Revenue and other income*

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services.

Revenue is recognised on a gross basis when the Group is the principal for its revenue transactions. Revenue is recognised on a net basis in the amount of fee or commission received when the Group is the agent for its revenue transactions. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Further details of the Group's revenue and other income recognition policies are as follows:

*Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

## 2 Material accounting policies (continued)

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Transaction-based income for the provision of clearing service and Direct Debit Authorization Exchange service are charged to financial institutions on a monthly basis. Revenue from transactions is recognised at the point in time when the transaction takes place.

Services fee income is charged on a regular basis and is based on fixed rates or amounts reviewed annually by the Group. The services fee is recognised overtime as the customer receives and uses the benefits simultaneously.

System development fees are recognised over time based on the time incurred as the relevant assets are created or enhanced under the control of the customers, which are billed regularly as stipulated in the contracts.

*Other income*

Interest income is recognised as it accrues using the effective interest rate method.

Deferred income is recognised when the Group received advance payment from the HKMA for system development. The payment has been deferred on the consolidated statement of financial position and will be recognised as income over the useful life of the assets by way of a reduced depreciation charge. The Group recovers the recurrent cost of the system development through annual service charges (see note 16).

### *(r) Translation of foreign currencies*

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

### *(s) Borrowing costs*

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

## 2 Material accounting policies (continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

### *(t) Related parties*

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

## 3 Revenue

The principal activities of the Group comprise the provision of clearing services to banks in Hong Kong in respect of payment and settlement of funds in Hong Kong dollars, US dollars, Euros and Renminbi and fund settlement services to the CMU of the HKMA, and other one-off clearing systems development and implementation services and on-going operational services.

***Revenue from contracts with customers***

Disaggregated revenue information

| | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
|---|---|---|
| Transaction income | | |
| - Clearing services | 504,309,788 | 441,587,523 |
| - FPS Merchant Payment Scheme | 7,740,282 | 5,401,412 |
| - Direct Debit Authorization Exchange services | 543,103 | 568,588 |
| - Usage-based fee for CRP | 3,112,439 | - |
| - Others | 5,557 | 7,496 |
| Services fee income | | |
| - Service charges income for CMU from the HKMA | 38,479,688 | 39,016,547 |
| - Services charges income from Fintech initiatives | 50,389,001 | 46,466,620 |
| - Production support services | 19,477,896 | 18,755,891 |
| - Commercial Credit Reference Agency service | 2,147,952 | 2,313,645 |
| - Data centre service | 7,639,078 | 11,768,300 |
| - HKICL Network service | 10,857,446 | 10,662,094 |
| - Secure E-mail backup service | 250,555 | 271,920 |
| System development fee | 449,692,360 | 164,739,169 |
| CD-ROM production service income | 40,495 | 36,383 |
| | 1,094,685,640 | 741,595,588 |

## 4 Other income

| | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
|---|---|---|
| Interest income | 41,550,377 | 31,674,091 |
| Other income | 2,035,123 | 2,170,929 |
| | 43,585,500 | 33,845,020 |

## 5 Profit before tax

Profit before tax is arrived at after charging/(crediting):

| | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
|---|---|---|
| Auditor's remuneration | | |
| - Audit services | 533,000 | 686,000 |
| - Tax services | 66,000 | 82,000 |
| Contributions to Mandatory Provident Fund | 17,053,217 | 18,080,428 |
| Depreciation charge | | |
| - Owned property, plant and equipment | 60,792,375 | 56,941,541 |
| - Right-of-use assets | 18,262,839 | 17,662,941 |
| Foreign exchanges difference, net | 217 | 192 |
| Amortisation charge of intangible assets | 49,031,419 | 45,917,695 |
| Amortisation of deferred income | (467,967) | (259,201) |
| Account surplus for settlement institutions ("SI")/ clearing bank ("CB") | 91,167,947 | 61,275,357 |
| Computer maintenance | 51,203,382 | 44,311,871 |
| Interest expenses on bank borrowings | 3,499,047 | 3,592,773 |
| Interest expenses on debt securities issued | 2,650,353 | 3,901,460 |
| Interest on lease liabilities | 966,276 | 1,170,807 |

## 6 Income tax in the consolidated statement of profit or loss

### (a) *Current taxation in the consolidated statement of profit or loss represents:*

| | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
|---|---|---|
| Provision for the year | 28,209,941 | 20,851,008 |
| Under/(over)-provision in respect of prior years | 231,200 | (14,178) |
| Deferred tax (note 8) | (8,452,267) | (3,344,440) |
| Income tax expense | 19,988,874 | 17,492,390 |

## 6 Income tax in the consolidated statement of profit or loss (continued)

### (b) *Reconciliation between tax expense and accounting profit at applicable tax rates:*

| | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
|---|---|---|
| Profit before tax | 159,154,049 | 128,133,690 |
| Tax at the statutory tax rate of 8.25% on first HK$2,000,000 | 165,000 | 165,000 |
| Tax at the statutory tax rate of 16.5% (2023: 16.5%) on remainder HK$157,154,049 (2023: HK$126,133,690) | 25,930,418 | 20,812,059 |
| Adjustments in respect of current tax of previous periods | 231,200 | (14,178) |
| Income not subject to tax | (6,914,754) | (5,225,858) |
| Expenses not deductible for tax purposes | 577,010 | 573,832 |
| Tax effect of unused tax losses not recognised | - | 1,181,535 |
| Actual tax expense | 19,988,874 | 17,492,390 |

## 7 Directors' remuneration

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

| | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
|---|---|---|
| Directors' fees | 411,047 | 387,129 |
| Salaries, allowances and benefits in kind | - | - |

## 8 Deferred tax

### *(a) Movement of each component of deferred tax assets and liabilities:*

Deferred tax is calculated in full on temporary differences under the liability method using Hong Kong profits tax rate of 16.5% (2023: 16.5%). The movement in deferred income tax assets and liabilities during the year is as follows:

| | *Temporary differences of deferred income* | | *Losses available for offsetting against future taxable profits* | | *Depreciation allowances in excess of the related depreciation* | | *Total* | |
|---|---|---|---|---|---|---|---|---|
| | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
| At 1 January | 281,115 | 142,759 | 30,205,302 | 26,255,696 | (48,678,996) | (47,935,474) | (18,192,579) | (21,537,019) |
| Credited/(debited) profit or loss (note 6) | 14,735 | 138,356 | (828,166) | 3,949,606 | 9,265,698 | (743,522) | 8,452,267 | 3,344,440 |
| At 31 December | 295,850 | 281,115 | 29,377,136 | 30,205,302 | (39,413,298) | (48,678,996) | (9,740,312) | (18,192,579) |

As at 31 December 2024, the Group has recognized a deferred tax assets of HK$29,377,136 related to tax losses arising in Hong Kong that are available indefinitely for offsetting against future taxable profits of any of the group companies (2023: HK$30,205,302).

# 9 Fixed assets

## (a) Reconciliation of carrying amount:

| | Land HK$ | Building HK$ | Other properties leased for own use carried at cost HK$ | Infrastructure HK$ | Leasehold improvements HK$ | Furniture and fixtures HK$ | Computer equipment HK$ | Office equipment HK$ | Motor vehicle HK$ | Total HK$ |
|---|---|---|---|---|---|---|---|---|---|---|
| At 1 January 2023 | 190,134,764 | 118,923,404 | 59,099,455 | 4,156,132 | 22,035,754 | 1,681,787 | 120,225,273 | 660,011 | - | 516,916,580 |
| Adjustment | - | - | - | - | (3,625,000) | - | 3,625,000 | - | - | - |
| Additions | - | - | 3,332,019 | - | 1,380,591 | 163,350 | 38,826,045 | 264,559 | - | 43,966,564 |
| Write-off/disposals on cost | - | - | - | - | - | (11,424) | (4,248,370) | - | - | (4,259,794) |
| Depreciation charge | (5,162,029) | (3,228,689) | (17,662,941) | (644,745) | (10,078,108) | (532,200) | (37,001,583) | (294,187) | - | (74,604,482) |
| Disposals/write-off on accumulated depreciation | - | - | - | - | - | 11,424 | 4,248,370 | - | - | 4,259,794 |
| **Net book amount as at 31 December 2023** | 184,972,735 | 115,694,715 | 44,768,533 | 3,511,387 | 9,713,237 | 1,312,937 | 125,674,735 | 630,383 | - | 486,278,662 |
| At 1 January 2024 | 184,972,735 | 115,694,715 | 44,768,533 | 3,511,387 | 9,713,237 | 1,312,937 | 125,674,735 | 630,383 | - | 486,278,662 |
| Additions | - | - | 3,048,035 | 4,066,930 | - | - | 25,982,084 | 16,072 | - | 33,113,121 |
| Write-off/disposals on cost | - | - | - | (1,760,000) | - | (4,092) | (3,809,282) | (12,960) | - | (5,586,334) |
| Depreciation charge | (5,162,029) | (3,228,689) | (18,262,839) | (953,451) | (9,207,161) | (489,635) | (41,460,617) | (290,793) | - | (79,055,214) |
| Disposals/write-off on accumulated depreciation | - | - | - | 1,760,000 | - | 4,092 | 3,809,282 | 12,960 | - | 5,586,334 |
| **Net book amount as at 31 December 2024** | 179,810,706 | 112,466,026 | 29,553,729 | 6,624,866 | 506,076 | 823,302 | 110,196,202 | 355,662 | - | 440,336,569 |

# 9 Fixed assets (continued)

| | *Land* HK$ | *Building* HK$ | *Other properties leased for own use carried at cost* HK$ | *Infrastructure* HK$ | *Leasehold improvements* HK$ | *Furniture and fixtures* HK$ | *Computer equipment* HK$ | *Office equipment* HK$ | *Motor vehicle* HK$ | *Total* HK$ |
|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2023** | | | | | | | | | | |
| Cost | 242,091,993 | 151,382,114 | 134,839,125 | 80,123,384 | 31,401,356 | 5,560,673 | 239,680,973 | 3,270,781 | 458,777 | 888,809,176 |
| Accumulated depreciation | (57,119,258) | (35,687,399) | (90,070,592) | (76,611,997) | (21,688,119) | (4,247,736) | (114,006,238) | (2,640,398) | (458,777) | (402,530,514) |
| **Net book amount:** | 184,972,735 | 115,694,715 | 44,768,533 | 3,511,387 | 9,713,237 | 1,312,937 | 125,674,735 | 630,383 | - | 486,278,662 |
| **As at 31 December 2024** | | | | | | | | | | |
| Cost | 242,091,993 | 151,382,114 | 137,887,160 | 82,430,314 | 31,401,356 | 5,556,581 | 261,853,775 | 3,273,893 | 458,777 | 916,335,963 |
| Accumulated depreciation | (62,281,287) | (38,916,088) | (108,333,431) | (75,805,448) | (30,895,280) | (4,733,279) | (151,657,573) | (2,918,231) | (458,777) | (475,999,394) |
| **Net book amount:** | 179,810,706 | 112,466,026 | 29,553,729 | 6,624,866 | 506,076 | 823,302 | 110,196,202 | 355,662 | - | 440,336,569 |

## 9 Fixed assets (continued)

### *(b) Right-of-use assets*

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

| | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ |
|---|---|---|
| Other properties leased for own use, carried at depreciated cost | 29,553,729 | 44,768,533 |

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

| | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
|---|---|---|
| Depreciation charge of right-of-use assets by class of underlying asset: | | |
| - Other properties leased for own use | 18,262,839 | 17,662,941 |
| Interest on lease liabilities | 966,276 | 1,170,807 |

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 13(b) and 15, respectively.

## 9 Fixed assets (continued)

(i) Other properties leased for own use

The Group has obtained the right to use other properties as its offices through tenancy agreements. The leases typically run for an initial period of 3 to 5 years. Lease payments are usually increased according to the terms of the tenancy agreements to reflect market rentals.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

| | *Lease liabilities recognised (discounted)* HK$ | *Potential future lease payments under extension options not included in lease liabilities (undiscounted)* HK$ |
|---|---|---|
| Offices - Hong Kong | 28,670,267 | - |

## 10 Intangible assets

| | *Computer software* HK$ |
|---|---|
| Net book amount as at 1 January 2023 | 156,399,691 |
| Adjustment | (1,074,115) |
| Additions | 56,186,273 |
| Write-off/disposals on cost | (216,096) |
| Amortisation charge | (45,917,695) |
| Disposals/write-off on accumulated depreciation | 216,096 |
| Net book amount as at 31 December 2023 and 1 January 2024 | 165,594,154 |
| Adjustment | - |
| Additions | 14,058,656 |
| Write-off/disposals on cost | - |
| Amortisation charge | (49,031,419) |
| Disposals/write-off on accumulated depreciation | |
| Net book amount as at 31 December 2024 | 130,621,391 |
| As at 31 December 2023 | |
| Cost | 393,136,183 |
| Accumulated amortisation | (227,542,029) |
| Net book amount | 165,594,154 |
| As at 31 December 2024 | |
| Cost | 407,194,839 |
| Accumulated amortisation | (276,573,448) |
| Net book amount | 130,621,391 |

## 11 Investments in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

| *Name of company* | *Place of incorporation and business* | *Proportion of ownership interest* | | | *Principal activities* |
|---|---|---|---|---|---|
| | | *Group's effective interest* | *Held by the Company* | *Held by a subsidiary* | |
| HKICL Services Limited | Hong Kong | 100% | 100% | - | Provision of Commercial Credit Reference Agency services, data centre services, CD-ROM production services, Direct Debit Authorization Exchange services, HKICL Network services, Electronic Bill Presentment System services, Secure E-mail Backup services and FPS Merchant Payment Scheme. |
| HKICL Technology Solutions Limited | Hong Kong | 100% | 100% | - | Provision of adopting financial technologies (FinTech) to deliver projects which are not related to conventional payment services, including the development, implementation and operation of CDI, ICLCloud and mBridge. |
| Credit Reference Platform Limited | Hong Kong | 100% | - | 100% | Provision of operating the CRP and the web-based CRP Common Module under a Multiple Credit Reference Agencies Model, which aims to facilitate the exchange of encrypted consumer credit-related information between participating credit providers and selected credit reference agencies. |

## 11 Investments in subsidiaries (continued)

The following table lists out the information relating HSL, a subsidiary of the Group. The summarised financial information presented below represents the amounts before any inter-company elimination.

| | *At 31 December* 2024 HK$ | *At 31 December* 2023 HK$ |
|---|---|---|
| Current assets | 62,278,288 | 50,429,694 |
| Non-current assets | 8,705,014 | 12,788,111 |
| Current liabilities | 1,990,760 | 1,753,979 |
| Non-current liabilities | 2,005,279 | 3,245,846 |
| Net assets | 66,987,263 | 58,217,980 |
| Revenue | 31,375,262 | 33,177,922 |
| Profit for the year | 8,769,283 | 9,359,223 |
| Total comprehensive income | 8,769,283 | 9,359,223 |
| Cash flows generated from operating activities | 13,404,111 | 7,867,786 |
| Cash flows generated from/(used in) investing activities | 1,810,316 | (1,115,943) |
| Cash flows generated from financing activities | - | - |

The following table lists out the information relating HTSL, a subsidiary of the Group. The summarised financial information presented below represents the amounts before any inter-company elimination.

| | *At 31 December* 2024 HK$ | *At 31 December* 2023 HK$ |
|---|---|---|
| Current assets | 25,948,122 | 27,833,481 |
| Non-current assets | 90,972,346 | 118,366,901 |
| Current liabilities | 56,769,868 | 59,365,923 |
| Non-current liabilities | 58,941,571 | 85,913,578 |
| Net assets | 1,209,029 | 920,881 |
| Revenue | 106,262,572 | 85,111,061 |
| Profit for the year | 288,148 | 679,276 |
| Total comprehensive income | 288,148 | 679,276 |
| Cash flows generated from/(used in) operating activities | 8,248,066 | (12,905,021) |
| Cash flows used in investing activities | (301,818) | (12,358,885) |
| Cash flows generated from financing activities | - | - |

## 11 Investments in subsidiaries (continued)

The following table lists out the information relating CRPL, a subsidiary of the Group. The summarised financial information presented below represents the amounts before any inter-company elimination.

| | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ |
|---|---|---|
| Current assets | 50,229,912 | 58,907,338 |
| Non-current assets | 80,023,539 | 99,153,180 |
| Current liabilities | 8,137,627 | 17,581,973 |
| Non-current liabilities | 154,400,000 | 147,100,000 |
| Net liabilities | (32,284,176) | (6,621,455) |
| Revenue | 21,787,439 | 18,915,200 |
| Loss for the year | (25,662,721) | (21,722,971) |
| Total comprehensive income | (25,662,721) | (21,722,971) |
| Cash flows used in operating activities | (3,939,031) | (17,099,196) |
| Cash flows used in investing activities | (3,692,279) | (20,418,256) |
| Cash flows (used in)/generated from financing activities | (4,300,000) | 42,700,000 |

The following table lists out the information relating to HKTFPCL, a subsidiary of the Group which was officially deregistered on 18 October 2024. The summarised financial information presented below represents the amounts before any inter-company elimination.

| | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ |
|---|---|---|
| Current assets | - | 1,258,804 |
| Non-current assets | - | - |
| Current liabilities | - | 1,258,803 |
| Non-current liabilities | - | - |
| Net assets | - | 1 |
| Revenue | - | 11,100,434 |
| Loss for the year | - | (9,142,105) |
| Total comprehensive income | - | (9,142,105) |
| Cash flows used in operating activities | - | (14,357,769) |
| Cash flows generated from investing activities | - | 37,419 |
| Cash flows generated from financing activities | - | - |

## 12 Prepayment, deposits and account receivables

| | At 31 December 2024 HK$ | At 31 December 2023 HK$ |
|---|---|---|
| Within one year | | |
| Amounts due from related parties | 109,561,784 | 109,192,407 |
| Prepayment | 58,525,213 | 54,833,022 |
| Other debtors | 12,344,754 | 7,243,581 |
| | 180,431,751 | 171,269,010 |
| More than one year | | |
| Prepayment | 8,355,478 | 13,758,353 |
| Deposits | 5,906,849 | 5,338,411 |
| | 14,262,327 | 19,096,764 |

All receivables are neither past due nor impaired as at the end of the reporting period.

## 13 Cash and cash equivalents

### (a) *Cash and cash equivalents comprise:*

| | At 31 December 2024 HK$ | At 31 December 2023 HK$ |
|---|---|---|
| Cash at bank and on hand | 89,975,709 | 95,626,848 |
| Time deposits: | | |
| - with original maturity of less than three months | 633,756,021 | 190,164,838 |
| - with original maturity of more than three months | 150,111,074 | 616,262,415 |
| Cash and cash equivalents | 873,842,804 | 902,054,101 |

Cash at bank earns interest at floating rates based on daily bank deposit rates. Time deposits earn interest at the respective time deposit rates. All time deposits are non-pledged.

## 13 Cash and cash equivalents (continued)

### *(b) Total cash outflow for leases*

Amounts included in the cash flow statement for leases comprise the following:

| | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
|---|---|---|
| Within operating cash flows | - | - |
| Within investing cash flows | - | - |
| Within financing cash flows | 17,525,575 | 16,761,024 |
| | 17,525,575 | 16,761,024 |

## 14 Other payables

| | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ |
|---|---|---|
| Within one year | | |
| Amounts due to related parties | 74,032,316 | 58,239,135 |
| Accruals | 68,601,872 | 68,996,952 |
| Contract liabilities | 88,111,588 | 60,737,785 |
| Other creditors | 5,838,795 | 3,276,208 |
| | 236,584,571 | 191,250,080 |
| More than one year | | |
| Contract liabilities | 82,560,832 | 155,084,720 |
| Reinstatement provision | 9,088,591 | 9,088,591 |
| | 91,649,423 | 164,173,311 |

## 14 Other payables (continued)

Details of contract liabilities are as follows:

| | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ |
|---|---|---|
| *Current* | | |
| Services fee income | 5,594,429 | 4,753,403 |
| System development fee | 82,517,159 | 55,984,382 |
| | 88,111,588 | 60,737,785 |

| | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ |
|---|---|---|
| *Non-current* | | |
| Services fee income | 1,215,924 | 2,337,320 |
| System development fee | 81,344,908 | 152,747,400 |
| | 82,560,832 | 155,084,720 |

Contract liabilities include advances received to deliver related services. Movements in contract liabilities are as follows:

| | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
|---|---|---|
| Balance at 1 January | 215,822,505 | 207,759,531 |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period | (60,737,785) | (120,679,796) |
| Increase in contract liabilities as a result of receiving services fee and system development fee | 15,587,700 | 128,742,770 |
| Balance at 31 December | 170,672,420 | 215,822,505 |

The amount of contract liabilities expected to be recognised as income after more than one year is HK$82,560,832 (2023: HK$155,084,720).

## 15 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods:

| | *At 31 December 2024* | | *At 31 December 2023* | |
|---|---|---|---|---|
| | *Present value of the minimum lease payments* HK$ | *Total minimum lease payments* HK$ | *Present value of the minimum lease payments* HK$ | *Total minimum lease payments* HK$ |
| Within 1 year | 18,453,342 | 19,030,680 | 15,997,533 | 16,947,444 |
| After 1 year but within 2 years | 7,514,422 | 7,731,044 | 16,468,809 | 17,020,728 |
| After 2 years but within 5 years | 2,702,503 | 2,741,436 | 9,715,189 | 9,969,992 |
| After 5 years | - | - | - | - |
| | 10,216,925 | 10,472,480 | 26,183,998 | 26,990,720 |
| | 28,670,267 | | 42,181,531 | |
| Less: total future interest expenses | | 832,893 | | 1,756,633 |
| Present value of lease liabilities | | 28,670,267 | | 42,181,531 |

The Company renewed the existing lease agreement for office use in 2024. The lease liability relating to this new lease has been aggregated with the brought forward balances relating to the leases which are classified as operating leases.

## 16 Deferred income

Since 2009, there have been advance payments from the HKMA in respect of the one-off system development costs of the SWIFTNet-based eCMT and internet-based iCMT front-end systems ("New CMT Systems"). The payments are deferred on the consolidated statement of financial position and are recognised as income over the useful life of the assets purchased for the New CMT Systems by way of a reduced depreciation charge. The Group will recover the recurrent cost of the New CMT Systems from the HKMA.

| | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ |
|---|---|---|
| Deferred income from the HKMA - current portion | 532,983 | 421,528 |
| Deferred income from the HKMA - non-current portion | 1,260,046 | 1,282,195 |
| | 1,793,029 | 1,703,723 |

## 17 Capital and reserves

| | *Share capital* HK$ | *Retained earnings* HK$ | *Total* HK$ |
|---|---|---|---|
| At 1 January 2023 | 10,000 | 743,918,197 | 743,928,197 |
| Total comprehensive income for the year | - | 110,641,300 | 110,641,300 |
| At 31 December 2023 | 10,000 | 854,559,497 | 854,569,497 |
| At 1 January 2024 | 10,000 | 854,559,497 | 854,569,497 |
| Total comprehensive income for the year | - | 139,165,175 | 139,165,175 |
| At 31 December 2024 | 10,000 | 993,724,672 | 993,734,672 |

Details of share capital is as follow:

| | *2024* | | *2023* | |
|---|---|---|---|---|
| | *No. of shares* | *Amount* HK$ | *No. of shares* | *Amount* HK$ |
| **Ordinary shares, issued and fully paid:** | | | | |
| At 1 January and 31 December | 10,000 | 10,000 | 10,000 | 10,000 |

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have par value.

The holders of ordinary shares are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## 18 Bank borrowings

At 31 December 2024, the Group's bank borrowings were repayable as follows:

| | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ |
|---|---|---|
| Within 1 year | 6,159,594 | 5,773,822 |
| Between 1 and 2 years | 6,189,967 | 5,800,916 |
| Between 2 and 5 years | 19,527,921 | 18,484,127 |
| Over 5 years | 83,946,269 | 91,445,607 |
| | 109,664,157 | 115,730,650 |
| | 115,823,751 | 121,504,472 |

Bank borrowings were secured by the land and buildings of the Group (see note 9).

Bank borrowings with notional amount of HK$74,062,240 bear interest at Hong Kong dollar prime rate minus 2.85% per annum or Hong Kong Interbank Offered Rate ("HIBOR") plus 1.10% per annum, whichever is lower and are repayable by 285 monthly equal instalments commencing on 14 May 2018.

Bank borrowings with notional amount of HK$90,000,000 bear interest at Hong Kong dollar prime rate minus 2.85% per annum or Hong Kong Interbank Offered Rate ("HIBOR") plus 1.10% per annum, whichever is lower and are repayable by 257 monthly equal instalments commencing on 19 April 2018.

## 19 Borrowings from the HKMA

At 31 December 2024, the Group's borrowings from the HKMA were repayable as follows:

| | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ |
|---|---|---|
| Within 1 year | - | 11,600,000 |
| Between 1 and 2 years | 13,050,000 | 11,600,000 |
| Between 2 and 5 years | 39,150,000 | 34,800,000 |
| Over 5 years | 102,200,000 | 100,700,000 |
| | 154,400,000 | 147,100,000 |
| | 154,400,000 | 158,700,000 |

## 19 Borrowings from the HKMA (continued)

The borrowing from the HKMA with notional amount of HK$104,400,000 (2023: HK$116,000,000) bears no interest and is payable by instalments within 10 years commencing in 2024. While the first instalment of HK$11,600,000 was repaid in 2024, an adjustment to the repayment schedule was agreed with the HKMA in 2024 that the instalment of HK$11,600,000 in 2025 will be evenly distributed to the eight remaining instalments in 2026 to 2032 (HK$13,050,000 each).

The borrowing from the HKMA with notional amount of HK$22,100,000 (2023: HK$19,400,000) bears no interest and is payable by instalments within 2 years commencing in 2033.

The borrowing from the HKMA with notional amount of HK$27,900,000 (2023: HK$23,300,000) bears no interest and is payable by instalments within 2 years commencing in 2035.

The borrowings are to provide funding support to the development and implementation of the CRP and CRP Common Module in Hong Kong.

As at 31 December 2024, the Company's borrowing from the HKMA with fair value of HK$114,800,000 (2023: HK$120,100,000) was classified as level 2 of the fair value hierarchy.

## 20 Debt securities issued

| | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ |
|---|---|---|
| Debt securities carried at amortised cost | - | 200,475,047 |

The Group issued HK$200,000,000 1.55% step-up coupon bonds due on 21 December 2025 (the "2025 Bonds") on 21 December 2020.

On 23 December 2024, the Group exercised an early redemption option and redeemed the entire 2025 Bonds at principal.

## 21 Capital commitments

Capital commitments outstanding not provided for in the consolidated financial statements were as follows:

| | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ |
|---|---|---|
| Contracted for | 15,499,348 | 5,414,297 |

## 22 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group entered into the following material related party transactions.

### (a) Key management personnel remuneration

Remuneration for key management personnel is as follows:

| | Year ended 31 December 2024 HK$ | Year ended 31 December 2023 HK$ |
|---|---|---|
| Employee benefits | 22,931,322 | 24,119,344 |
| | 22,931,322 | 24,119,344 |

Total remuneration is included in "staff costs" in the consolidated statement of profit or loss and other comprehensive income.

### (b) Transactions with related parties

During the year, the Group entered into transactions with related parties in the ordinary course of business in providing clearing services to banks in Hong Kong, provision of fund settlement services to the CMU of the HKMA and clearing system development services. The transactions were priced according to the tariff in place during the year. This tariff is subject to periodic review and approval by the directors of the Company. In addition, the Group also maintained bank accounts at certain member banks of the Hong Kong Association of Banks (the "HKAB").

The HKAB is one of the two shareholders of the Company and certain designated directors and/or senior management of the continuing member banks and certain elected members of the Committee and/or Consultative Council of the HKAB also sit on the boards of the Company and its subsidiaries. The HKAB is able to exercise significant influence over the Group's activities.

The HKMA is another shareholder of the Company and designated officers of the HKMA also sit on the boards of the Company and its subsidiaries. The HKMA is also able to exercise significant influence over the Group's activities.

HSL and HTSL are wholly-owned subsidiaries of the Company.

HSL provides CD-ROM production services, Direct Debit Authorisation Exchange services, Electronic Bill Presentment System services, Secure E-mail Backup services and FPS Merchant Payment Scheme to the member banks of the HKAB, data centre services and HKICL Network services to the HKAB and the HKMA.

HTSL delivers FinTech initiatives including the CDI project which is a blockchain-based trusted activity-journal infrastructure to facilitate the exchange of commercial data among participants and mBridge project. HTSL also operates ICLCloud and provides services to the Company and its subsidiary, CRPL.

## 22 Material related party transactions (continued)

CRPL and HKTFPCL are or were wholly-owned subsidiaries of HTSL. CRPL operates CRP and the web-based CRP Common Module to facilitate the exchange of encrypted customer credit-related information between participating credit providers and selected credit reference agencies.

HKTFPCL operated eTradeConnect, a trade finance platform, using distributed ledger technology ("DLT") to provide digitalised trade finance services to both local and overseas participants, including the member banks of the HKAB. Following the cease of its system operations in September 2023, HKTFPCL was officially deregistered on 18 October 2024.

In addition, HSL, HTSL, CRPL and HKTFPCL maintained bank accounts at some of the member banks of the HKAB.

The amounts of related party transactions during the year and outstanding balances at the end of the year are set out below:

| | *Member banks of the HKAB* | | *HKAB* | | *HKMA* | |
|---|---|---|---|---|---|---|
| | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
| Income recognised during the year: | | | | | | |
| Transaction income generated from clearing services | 450,530,116 | 398,859,320 | - | - | 820,302 | 826,889 |
| Service charges receivable from the HKMA in respect of CMU | - | - | - | - | 38,479,688 | 39,016,547 |
| System development services | 1,140,151 | 4,336,948 | - | - | 149,466,597 | 121,216,085 |
| Clearing House admission fee | 55,188 | 55,188 | - | - | - | - |
| Data centre services | 3,601,012 | 3,590,880 | 627,838 | 690,140 | 43,920 | 58,560 |
| CD-ROM production services | 40,495 | 36,383 | - | - | - | - |
| Direct Debit Authorisation Exchange services | 543,103 | 568,588 | - | - | - | - |
| HKICL Network services | 1,563,330 | 1,589,990 | - | - | 1,711,164 | 2,130,579 |
| Electronic Bill Presentment System services | 5,557 | 7,496 | - | - | - | - |
| Secure E-mail Backup services | 222,480 | 234,840 | - | - | - | - |
| FPS Merchant Payment Scheme | 5,581,482 | 4,104,188 | - | - | - | - |
| Annual subscription fee for CRP | 2,590,000 | 2,590,000 | - | - | - | - |
| Tiering adjustment on onboarding fee and annual subscription fee for CRP | 775,000 | - | - | - | - | - |
| Usage-based fee for CRP | 2,175,540 | - | - | - | - | - |
| Fee income from CDI | - | - | - | - | 26,106,795 | 20,673,283 |
| Fee income from mBridge | - | - | - | - | 18,021,496 | 10,240,576 |
| Income on eTradeConnect and FinTech initiatives | - | 11,100,434 | - | - | - | - |
| Bank interest income | 41,545,630 | 31,671,870 | - | - | - | - |
| Income on Trade Repository project | - | - | - | - | 282,039,574 | 22,099,214 |
| Production support service | 17,187,976 | 16,583,405 | - | - | 1,586,922 | 1,520,307 |
| Other operating income | 705,682 | 694,753 | - | - | - | - |
| | 528,262,742 | 476,024,283 | 627,838 | 690,140 | 518,276,458 | 217,782,040 |

## 22 Material related party transactions (continued)

| | *Member banks of the HKAB* | | *HKMA* | |
|---|---|---|---|---|
| | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ | *Year ended 31 December 2024* HK$ | *Year ended 31 December 2023* HK$ |
| Expenses incurred during the year: | | | | |
| Mandatory provident fund contributions | 5,858,000 | 5,611,038 | - | - |
| Housing loan interest | 1,020 | 1,238 | - | - |
| Housing services for computer equipments | - | - | 88,800 | 87,750 |
| Standby backup service fee | - | - | 8,400 | 8,400 |
| Account surplus for SI/CB | 91,167,947 | 61,275,357 | - | - |
| Interest expenses on bank borrowings | 3,499,047 | 3,592,773 | - | - |
| Interest expenses on debt securities issued | 2,650,353 | 3,901,460 | - | - |
| | 103,176,367 | 74,381,866 | 97,200 | 96,150 |

Except for data centre services, CD-ROM production services, Direct Debit Authorisation Exchange services, HKICL Network services, Electronic Bill Presentment System services, Secure E-mail Backup services, FPS Merchant Payment Scheme, onboarding fee, annual subscription fee and usage-based fee for CRP, CDI and mBridge projects, eTradeConnect and FinTech initiatives and HK$2,998,062 (2023: HK$1,863,246) included in bank interest income, which are provided by its subsidiaries, all the above transactions are entered into by the Company.

In addition, the Company received a management fee of HK$1,904,011 (2023: HK$1,805,201) and a service fee of HK$67,206,633 (2023: HK$63,297,308) from its subsidiaries for the services provided during the year.

Balances with related parties:

| | *Member banks of the HKAB* | | *HKAB* | | *HKMA* | |
|---|---|---|---|---|---|---|
| | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ | *At 31 December 2024* HK$ | *At 31 December 2023* HK$ |
| Net amounts due from/(due to) the member banks of the HKAB, the HKAB and the HKMA | (20,608,892) | (919,738) | 444,699 | 448,232 | 54,769,704 | 51,412,683 |
| Contract liabilities | (574,714) | - | (52,548) | (49,809) | (166,631,598) | (212,595,148) |
| Balances in bank accounts | 873,836,804 | 902,048,101 | - | - | - | - |
| Receipt of advance payment recognised as deferred income | - | - | - | - | (1,793,029) | (1,703,723) |
| Bank borrowings | (115,823,751) | (121,504,472) | - | - | - | - |
| Debt securities issued | - | (200,475,047) | - | - | - | - |
| Borrowings from the HKMA | - | - | - | - | (154,400,000) | (158,700,000) |

Included in the balances in bank accounts is HK$92,231,352 (2023: HK$81,079,645) which represents the bank balance of the subsidiaries maintained at member banks of the HKAB.

## 23 Notes to the consolidated cash flow statement

| | *Bank borrowings* HK$ | *Lease liabilities* HK$ | *Debt securities issued* HK$ | *Advance payment from the HKMA* HK$ | *Borrowings from the HKMA* HK$ |
|---|---|---|---|---|---|
| At 1 January 2023 | 127,027,670 | 54,804,009 | 199,673,587 | 865,204 | 116,000,000 |
| Lease modification | - | 2,967,739 | - | - | - |
| Changes from financing cash flows: | | | | | |
| - Interest paid | (3,578,681) | - | (3,100,000) | - | - |
| - Repayment of principal of bank borrowings | (5,537,290) | - | - | - | - |
| - Capital element of lease rentals paid | - | (15,590,217) | - | - | - |
| - Interest element of lease rentals paid | - | (1,170,807) | - | - | - |
| - Advance payment from the HKMA | - | - | - | 1,097,720 | - |
| - Proceeds of borrowings from the HKMA | - | - | - | - | 42,700,000 |
| Interest expense | 3,592,773 | 1,170,807 | 3,901,460 | - | - |
| Amortisation of deferred income | - | - | - | (259,201) | - |
| At 31 December 2023 and 1 January 2024 | 121,504,472 | 42,181,531 | 200,475,047 | 1,703,723 | 158,700,000 |
| Lease modification | - | 3,048,035 | - | - | - |
| Changes from financing cash flows: | | | | | |
| - Interest paid | (3,530,690) | - | (3,125,400) | - | - |
| - Repayment of principal of bank borrowings | (5,649,078) | - | - | - | - |
| - Capital element of lease rentals paid | - | (16,559,299) | - | - | - |
| - Interest element of lease rentals paid | - | (966,276) | - | - | - |
| - Redemption of debt securities issued | - | - | (200,000,000) | - | - |
| - Advance payment from the HKMA | - | - | - | 557,273 | - |
| - Repayment of borrowings from the HKMA | - | - | - | - | (11,600,000) |
| - Proceeds of borrowings from the HKMA | - | - | - | - | 7,300,000 |
| Interest expense | 3,499,047 | 966,276 | 2,650,353 | - | - |
| Amortisation of deferred income | - | - | - | (467,967) | - |
| At 31 December 2024 | 115,823,751 | 28,670,267 | - | 1,793,029 | 154,400,000 |

## 24 Financial instruments

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

### *(a) Credit risk*

The Group's credit risk was primarily attributable to account receivables and bank balances. As the receivables and bank balances were largely due from authorised institutions and government bodies in Hong Kong, the exposure to credit risk was not considered significant.

The Group's financial assets including deposits, account receivables and bank balances, and contract assets are subject to the expected credit loss model within HKFRS 9. At 31 December 2024, the total amount of these financial assets was HK$995,743,341, on which no loss allowance had been provided. 98.8% (2023: 98.5%) of total account receivables and bank balances were amounts due from the member banks of the HKAB, the HKAB and the HKMA. No assets are considered impaired and no amounts have been written off in the period.

All account receivables are expected to be received in three months or less. An amount is considered to be in default if it has not been received 90 days after it is due.

As at end of the reporting period, the maximum exposure of credit risk in relation to financial assets and contract assets of the Group is HK$995,743,341 (2023: HK$1,026,941,638).

### *(b) Liquidity risk*

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

## 24 Financial instruments (continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Less than 3 months HK$ | Between 3 months and 1 year HK$ | Between 1 and 2 years HK$ | Between 2 and 5 years HK$ | Over 5 years HK$ |
|---|---|---|---|---|---|
| At 31 December 2024 | | | | | |
| Other payables | 47,977,592 | 100,495,391 | - | 9,088,591 | - |
| Bank borrowings | 2,221,887 | 6,665,660 | 8,887,547 | 26,662,640 | 96,184,428 |
| Borrowings from the HKMA | - | - | 13,050,000 | 39,150,000 | 102,200,000 |
| | 50,199,479 | 107,161,051 | 21,937,547 | 74,901,231 | 198,384,428 |

| | Less than 3 months HK$ | Between 3 months and 1 year HK$ | Between 1 and 2 years HK$ | Between 2 and 5 years HK$ | Over 5 years HK$ |
|---|---|---|---|---|---|
| At 31 December 2023 | | | | | |
| Other payables | 38,055,415 | 92,456,880 | - | 9,088,591 | - |
| Bank borrowings | 2,305,404 | 6,916,213 | 9,221,617 | 27,664,850 | 109,083,167 |
| Borrowings from the HKMA | 11,600,000 | - | 11,600,000 | 34,800,000 | 100,700,000 |
| Debt securities issued | 772,800 | 2,352,600 | 205,086,200 | - | - |
| | 52,733,619 | 101,725,693 | 225,907,817 | 71,553,441 | 209,783,167 |

### *(c) Interest rate risk*

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with a floating interest rate and bank balances which bear interest at market rates. The Group's policy is to maintain the majority of its funds in demand or short-term bank deposits that are subject to an insignificant risk of changes in interest rate.

As at 31 December 2024, the bank balances of HK$873,836,804 (2023: HK$902,048,101) represented cash at bank on demand or short-term bank deposits.

At 31 December 2024, it is estimated that a general increase of 100 basis points in interest rates (2023: 100 basis points), with all other variables held constant, would increase the Group's profit after tax and retained earnings by approximately HK$6,931,000 (2023: HK$7,167,853). On the other hand, a general decrease of 100 basis points in interest rates (2023: 100 basis points), with all other variables held constant, would decrease the Group's profit after tax and retained earnings by approximately HK$5,964,905 (2023: HK$6,154,589).

The above estimated 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period.

## 24 Financial instruments (continued)

### *(d) Foreign currency risk*

Foreign currency risk refer to the risk that movements in foreign currency exchange rates will affect the Group's financial result and its cash flows.

The Group is exposed to foreign currency risks through certain transactions that are denominated in United States dollars ("US$"). Since the Hong Kong dollar ("HK$") is pegged to the US$, the Group's exposure to foreign currency risk in respect of the balances denominated in US$ is considered to be minimal.

### *(e) Fair values*

Other than disclosed in note 19, the fair value of financial assets and liabilities is considered not to be materially different from their carrying values in the consolidated statement of financial position.

## 25 Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide clearing and settlement services to users by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group defines "capital" as including all components of equity with no fixed terms of repayment and on this basis contains share capital and retained earnings.

Any amounts considered surplus will be retained to meet operational needs or finance new projects. The Group is not subject to externally imposed capital requirements.

## 26 Company-level statement of financial position

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

| | At 31 December 2024 HK$ | At 31 December 2023 HK$ |
|---|---|---|
| **Non-current assets** | | |
| Fixed assets | 407,976,779 | 442,916,740 |
| Intangible assets | 28,164,592 | 38,297,333 |
| Investment in subsidiaries | 10,001 | 10,001 |
| Prepayment, deposits and account receivables | 45,001,312 | 60,379,535 |
| | 481,152,684 | 541,603,609 |
| **Current assets** | | |
| Prepayment, deposits and account receivables | 165,239,033 | 146,599,358 |
| Amounts due from subsidiaries | 14,384,008 | 26,571,678 |
| Tax recoverable | - | 7,118,451 |
| Cash and cash equivalents | 781,611,452 | 820,974,456 |
| | 961,234,493 | 1,001,263,943 |

## 26 Company-level statement of financial position (continued)

| | At 31 December 2024 HK$ | At 31 December 2023 HK$ |
|---|---|---|
| **Current liabilities** | | |
| Other payables | 215,401,794 | 181,170,122 |
| Deferred income | 532,983 | 421,528 |
| Bank borrowings | 6,159,594 | 5,773,822 |
| Lease liabilities | 18,453,342 | 15,997,533 |
| Tax payable | 6,799,598 | - |
| | 247,347,311 | 203,363,005 |
| **Net current assets** | 713,887,182 | 797,900,938 |
| **Total assets less current liabilities** | 1,195,039,866 | 1,339,504,547 |
| **Non-current liabilities** | | |
| Other payables | 90,704,913 | 162,399,094 |
| Deferred income | 1,260,046 | 1,282,195 |
| Bank borrowings | 109,664,157 | 115,730,650 |
| Lease liabilities | 10,216,925 | 26,183,998 |
| Debt securities issued | - | 200,475,047 |
| Deferred tax liabilities | 15,195,356 | 17,966,683 |
| | 227,041,397 | 524,037,667 |
| **Net assets** | 967,998,469 | 815,466,880 |

## 26 Company-level statement of financial position (continued)

| | At 31 December 2024 HK$ | At 31 December 2023 HK$ |
|---|---|---|
| **Capital and reserves** | | |
| Share capital and reserves attributable to owners of the Company | | |
| Share capital | 10,000 | 10,000 |
| Retained earnings (note) | 967,988,469 | 815,456,880 |
| **Total equity** | 967,998,469 | 815,466,880 |

Approved and authorised for issue by the board of directors on 27 February 2025.

Guiwei Xing
Director

Howard Tat Chi Lee
Director

Note:

A summary of the Company's reserves is as follows:

| | Retained earnings HK$ |
|---|---|
| At 1 January 2023 | 686,454,465 |
| Total comprehensive income for the year | 129,002,415 |
| At 31 December 2023 and 1 January 2024 | 815,456,880 |
| Total comprehensive income for the year | 152,531,589 |
| At 31 December 2024 | 967,988,469 |

## 27 Immediate and ultimate controlling parties

At 31 December 2024, the directors consider the ultimate controlling parties of the Group to be the HKMA and the HKAB, which are incorporated in Hong Kong.

## 28 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

| | *Effective for accounting periods beginning on or after* |
|---|---|
| Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* | 1 January 2025 |
| Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments* | 1 January 2026 |
| 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 |

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.