中國文旅農業集團
China Cultural Tourism and Agriculture Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 542)

2023
ANNUAL REPORT

Contents

Corporate Information

EXECUTIVE DIRECTORS

YANG Lijun *(Chairman & Chief Executive Officer)*
GAO Jingyao
TAM Ka Wai

NON-EXECUTIVE DIRECTOR

WONG Yuk Lun, Alan

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHAN Chu Hoi
CHAN Hoi Ling
SO Wai Lam

COMPANY SECRETARY

WOO Chung Ping

PRINCIPAL BANKERS

China CITIC Bank International Limited
Bank of Communications (Hong Kong) Limited

AUDITOR

CCTH CPA Limited
Unit 1510–1517, 15/F., Tower 2
Kowloon Commerce Centre
No. 51 Kwai Cheong Road
Kwai Chung, New Territories
Hong Kong

HONG KONG SHARE REGISTRAR

Tricor Tengis Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

The Offices of JTC (Cayman) Limited
2nd Floor, 94 Solaris Avenue
Camana Bay, P.O. Box 30745
Grand Cayman KY1-1203
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 402, Kowloon City Plaza
128 Carpenter Road
Kowloon City
Kowloon
Hong Kong

Dear Shareholders,

We hereby report the audited consolidated results of China Cultural Tourism and Agriculture Group Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023 as follows:

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

For the year ended 31 December 2023, the Group's revenue was approximately of HK$305.0 million, compared to HK$1,601.8 million for 2022. The Group recorded a loss before tax approximately of HK$168.9 million, compared to the profit of HK$547.9 million for 2022. The decrease in total revenue was mainly due to a substantial decrease in the sales of property the Group in 2023. The loss, amongst other things, was mainly attributable to (i) the impairment of certain assets of the Group; and (ii) the recognition of a one-off gain from the disposal of subsidiaries in 2022 which was no longer available in 2023.

Loss attributable to the owners of the Company for the year ended 31 December 2023 was approximately of HK$192.7 million, compared to the profit of HK$265.2 million for the corresponding period in 2022.

Revenue of the property development segment for the year ended 31 December 2023 was approximately of HK$296.9 million, compared to HK$1,595.5 million for 2022. Loss of the property development segment for the year ended 31 December 2023 was HK$0.2 million, compared to the profit of HK$572.9 million for the corresponding period in 2022. The loss was mainly due to the impairment of property held for sales in 2023.

During the year ended 31 December 2023, the Group had three projects under development on hand, namely German City project located in Hengqin New District, Zhuhai City, Fuyuan Junting project located in Chengdu, and Fuyuan Square project located in Doumen, respectively.

German City project holds a land parcel with total gross floor area approximately of 145,176 sq. m., of which approximately of 49,999 sq. m. is for sales. German City project is designated to be developed into a research and commercial complex. German City project had started pre-sales since the 4th quarter of 2019. As at 31 December 2023, German City project had achieved sales amounting to 54.40% of its gross saleable areas available for sale. The construction work of German City project is expected to be completed in December 2024.

Fuyuan Junting project holds two land parcels with total gross floor area approximately of 120,500 sq. m., of which 84,425 sq. m. is available for sales. Fuyuan Junting project is to be developed into a residential complex. Fuyuan Junting project had started pre-sales since the 4th quarter of 2019. As at 31 December 2023, first phase and second phase of Fuyuan Junting project had achieved sales amounting to approximately of 100% and 64.80% of its respective total gross saleable areas available for sales. Construction work of the first phase of the project had been completed. The completed properties of the first phase of the project had been handed over to the buyers since May 2022. Construction work of the second phase of the project is expected to be completed in September 2024.

Fuyuan Square project holds a land parcel of gross floor area of approximately 197,391 sq. m., of which approximately of 61,654 sq. m. is available for sales. Fuyuan Square project is designated to be developed into a commercial complex which comprises office towers, a 5-star standard hotel and a shopping center with basement car parks. Fuyuan Square project had started pre-sales since July 2020. As at 31 December 2023, Fuyuan Square project had achieved sales contracts approximately 59.63% of its total gross saleable areas available for sale. Construction work of Fuyuan Square project is expected to be completed in June 2024.

Letter to Shareholders

The Group is striving to accelerate the progress of pre-sale of properties.

As at 31 December 2023, non-current assets of the Group consisted of property under development, property, plant and equipment, right-of-use assets, and licensing rights approximately amounting to a total of HK$1,820.3 million, compared to HK$1,815.0 million as at 31 December 2022. Current assets as at 31 December 2023 approximately amounted to a total of HK$1,568.2 million, compared to HK$1,515.8 million as at 31 December 2022.

The Group's net current liabilities as at 31 December 2023 were approximately of HK$1,303.0 million, compared to HK$2,159.3 million as at 31 December 2022. Non-current liabilities as at 31 December 2023 approximately amounted to a total of HK$1,997.6 million, compared to HK$1,022.5 million as at 31 December 2022. Net assets of the Group as at 31 December 2023 amounted to approximately HK$87.9 million, as compared to net assets of HK$148.9 million as at 31 December 2022.

The Company's auditor does not express an opinion on the consolidated financial statements of the Company because of the aforesaid matters. The Directors, including the members of the audit committee of the Company, the management, and the auditor of the Company had reviewed and assessed plans and measures to improve the Group's liquidity and financial performance. Details of the going concern and mitigation measures of the Group are set out in section "Management Discussion and Analysis" on pages 6 to 9 and note 2 to the financial statements.

DIVIDEND

The Directors do not recommend to pay any dividend for the year ended 31 December 2023 (2022: Nil).

PROSPECT

Since the epidemic loosened in the middle of 2023, the central government of China promulgated certain economic simulation policies including the relaxation of financing policies for the real estate business. Since the middle of 2023, China's economy has been in the course of recovery and recorded growth, however, such policies seemed not to have a significant boost to real estate sales in China. After the completion of the acquisition of the entire issued share capital of China Cultural Tourism Group Limited in July 2023, the Group began to change the Company's English name from "TFG International Group Limited" to "China Cultural Tourism and Agriculture Group Limited", and its dual Chinese and foreign name was also changed from "富元國際集團有限公司" to "中國文旅農業集團有限公司" In October 2023. The change of name was completed on 12 January 2024. In line with the change of the Company's name, the Group has been aware that the tourism industry has strong development potential in mainland China post-pandemic. People will pay more attention to their physical and mental health and balanced development, which makes travel and vacational behaviour gradually popular, especially a rigid demand from parents and children. According to predictions from the United Nations World Tourism Organization, the international tourism industry will fully recover to pre-epidemic levels in 2024. Coupled with a series of visa facilitation policies recently launched by the Chinese government, it will accelerate the recovery of the tourism market in the entire Asia-Pacific region. Therefore, the Group is planning to develop the hotel and cultural tourism businesses.

Looking forward to 2024, in line with the normalisation of business activities post-pandemic in China, the China economy is expected to recover persistently despite being full of challenges and opportunities. The Group will seize the opportunities to promote and drive up its property sales. For the hotel and cultural tourism business, the Group will take self-owned hotel properties as its strategic direction and intends to join with leading international brand hotel groups to explore and develop the service hotel businesses by way of complementing the advantages, strengthening the brands, and developing in-depth travel operations in Greater China and Southeast Asia. Apart from that, the Group also intends to introduce theme parks and short-term vacation businesses. The Group wishes to maximise the Company's value through the introduction of new businesses and create greater value for the Shareholders.

ACKNOWLEDGMENT

On behalf of the Board, we would like to extend our sincere appreciation to all members of the Board, our staff, valued customers, business partners, bankers, and shareholders for their continuous support. We would also like to compliment the management and staff for their genuine and valuable dedication towards the development of the Group.

YANG Lijun
Chairman

Hong Kong, 3 April 2024

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 December 2023, the Group's revenue was approximately of HK$305.0 million, compared to HK$1,601.8 million for 2022. The Group recorded a loss before tax approximately of HK$168.9 million, compared to the profit of HK$547.9 million for 2022. The decrease in total revenue was mainly due to a substantial decrease in the sales of property the Group in 2023. The loss, amongst other things, was mainly attributable to (i) the impairment of certain assets of the Group; and (ii) the recognition of a one-off gain from the disposal of subsidiaries in 2022 which was no longer available in 2023.

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PROPERTY DEVELOPMENT SEGMENT

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The Group is striving to accelerate the progress of pre-sale of properties.

HOTEL BUSINESS

For the year ended 31 December 2023, the hotel business segment recorded revenue from the sub-licensing of operating right amounting to HK$0.63 million, compared to HK$4.4 million for the corresponding period 2022. Loss of the segment amounted to HK$24.4 million for the year ended 31 December 2023, compared to a loss of HK$28.4 million for the corresponding period 2022. The loss was mainly attributable to the depreciation and amortisation of property, plant and equipment, finance costs incurred, and impairment of licensing right in 2023.

Geographical Segment

During the year, the Group did not have revenue generated from Hong Kong, and the revenue so generated elsewhere in the PRC mainly related to hotel business and property development.

MATERIAL ACQUISITION

On 15 June 2023, a direct wholly-owned subsidiary of the Company (the "**Purchaser**") entered into an agreement with a vendor (the "**Vendor**"), pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire issued share capital of the target company at a consideration of approximately RMB169.3 million (equivalent to approximately HK$188.6 million) (the "**Acquisition**") which is to be settled by (i) the issue and allotment of 740,808,000 consideration shares at a price of HK$0.2 per consideration share (equivalent to approximately RMB133.0 million), and (ii) payment of cash in the amount of approximately RMB36.3 million. The Acquisition was completed on 24 July 2023.

REVIEW OF FINANCIAL POSITION

Overview

As at 31 December 2023, non-current assets of the Group consisted of property under development, property, plant and equipment, right-of-use assets, and licensing rights approximately amounting to a total of HK$1,820.3 million, compared to HK$1,815.0 million as at 31 December 2022. Current assets as at 31 December 2023 approximately amounted to a total of HK$1,568.2 million, compared to HK$1,515.8 million as at 31 December 2022. Current liabilities as at 31 December 2023 approximately amounted to a total of HK$1,303.0 million, compared to HK$2,159.3 million as at 31 December 2022. Non-current liabilities as at 31 December 2023 approximately amounted to a total of HK$1,997.6 million, compared to HK$1,022.5 million as at 31 December 2022. Net assets of the Group as at 31 December 2023 amounted to approximately HK$87.9 million, as compared to net assets of HK$148.9 million as at 31 December 2022.

Capital Structure, Liquidity and Financial Resources

As at 31 December 2023, the Group's total interest bearing borrowings amounted to approximately of HK$1,763.5 million (31 December 2022: HK$1,476.7 million) which comprised borrowings from financial institutions of HK$573.0 million (31 December 2022: HK$372.1 million), borrowings from independent third parties of HK$844.5 million (31 December 2022: HK$926.4 million), promissory note payable of HK$133.2 million (31 December 2022: HK$108.2 million), other lender of HK$64.2 million (31 December 2022: HK$64.2 million), and amount due to a director of HK$148.6 million (31 December 2022: HK$5.8 million).

The Group's total equity as at 31 December 2023 amounted to approximately HK$87.9 million (31 December 2022: HK$148.9 million).

Management Discussion and Analysis

The Group's gearing ratio as at 31 December 2023 is approximately of 2,005.9% (31 December 2022: 991.4%). The gearing ratio was calculated on the basis of total interest bearing borrowings over the total equity of the Group.

As part of treasury management, the Group centralises funding for all of its operations at the Group level. The Group's foreign currency exposure relates mainly to Renminbi, which is derived from its hotel business, the sales of the property units in Zhongshan, and other property development projects in the PRC.

Capital Commitments

The Group did not have any significant capital commitment as at 31 December 2023 (31 December 2022: Nil).

Project Commitments

As at 31 December 2023, the Group's outstanding commitments in respect of the costs of property development and acquisition of land for development, contracted but not provided for, amounted to approximately of HK$221.0 million (31 December 2022: HK$223.5 million).

Contingent Liabilities

As at 31 December 2023, the Group had contingent liabilities amounting to HK$301.1 million (31 December 2022: HK$361.1 million). The contingent liabilities were mainly in respect of buy-back guarantees in favour of banks to secure mortgage loans granted to the property buyers of the Group. The Board considered that in case of default in payments, the related properties will be sold at prices which exceed the outstanding mortgage principals together with the accrued interest and penalty, therefore, no provision has been made in the financial statements for the guarantees.

Charges on Group Assets

As at 31 December 2023, part of the Group's leasehold land and buildings with a carrying amount of HK$195.6 million (31 December 2022: HK$218.2 million) had been pledged to a financial institution to secure mortgage loans. Restricted bank balance of HK$131.9 million (31 December 2022: HK$235.8 million) were pledged to certain banks for facilities granted to the Group.

GOING CONCERN AND MITIGATION MEASURES

The Company's auditor expressed a disclaimer of opinion on the Company's audited consolidated financial statements for the year ended 31 December 2023 in respect of uncertainties relating to going concern (the "Disclaimer").

The Disclaimer, amongst other things, was due to certain events and conditions casting significant doubts and uncertainties about the Group's going concern, including:

(i) the Group recorded a net loss of approximately HK$204,429,000,

(ii) the Group's financial obligations due within twelve months as at 31 December 2023 approximately HK$1,302,981,000, and

(iii) the Group's bank borrowing approximately HK$256,248,000 repayable on demand.

While the Group's available cash and cash equivalents amount to approximately HK$13,370,000.

The Board, the Audit Committee and the management of the Company acknowledged the basis on which the auditor expressed the Disclaimer, and have been undertaking certain plans and measures to improve the Group's liquidity and financial position, which include:

(i) negotiating with existing lenders to extend the repayment days of certain loans and borrowings and interest;

(ii) obtaining additional new sources of finance;

(iii) accelerating the pre-sales of properties under development and speed up the delivery of completed properties to property buyers;

(iv) negotiating with contractors to extend for the payment of contracting costs; and

(v) implementing business strategy to enhance the Group's profitability and cash flows.

STAFF ANALYSIS

The total number of staff employed by the Group as at 31 December 2023 was 98, compared to 113 as at 31 December 2022. As part of the Group's human resources policy, employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus scale. Currently, the Group continues to implement its overall human resource training and development programme and to equip its employees with the necessary knowledge, skills and experience to deal with the existing and future requirements and challenges.

OUTLOOK

Outlook and Planning

Since the epidemic loosened in the middle of 2023, China's economy has recorded growth in 2023, and the central government has also relaxed its financing policies for the real estate business. However, China's economic growth in 2023 did not have a significant boost to domestic real estate sales. Looking forward to 2024, the Group expects to take advantage of China's persistent economic growth to drive up the Group's property sales.

In line with the change of the Company's name which takes effect in January 2024, the Group has been aware that the tourism industry has strong development potential in mainland China post-pandemic. People will pay more attention to their physical and mental health and balanced development, which makes travel and vacational behaviour gradually popular, especially a rigid demand from parents and children. According to predictions from the United Nations World Tourism Organization, the international tourism industry will fully recover to pre-epidemic levels in 2024. Coupled with a series of visa facilitation policies recently launched by the Chinese government, it will accelerate the recovery of the tourism market in the entire Asia-Pacific region. Therefore, the Group is planning to develop the hotel and cultural tourism businesses.

Biographies of Directors and Senior Management

DIRECTORS

YANG Lijun

Mr. Yang Lijun ("Mr. Yang"), aged 49, is the Chairman of the Board and an executive Director of the Company. Mr. Yang is also the Chairman of the Executive Committee of the Board. Mr. Yang had been the Chairman of the Board since May 2017 and was re-designated as the Co-chairman of the Board in August 2019. Mr. Yang has been re-designated as the Chairman of the Board since 1 June 2020. Mr. Yang is also directors of certain subsidiaries of the Company. Mr. Yang has more than 20 years' experiences in property development, property investment and property management businesses in Hong Kong and the PRC. From 2004 to 2013, Mr. Yang was the president of 中山大南集團有限公司 (Zhongshan Danan Group Limited) ("Zhongshan Danan"). From 2014 to 2017, Mr. Yang was the president of 中山富元控股集團有限公司 (Zhongshan Fuyuan Holdings Group Limited) ("Zhongshan Fuyuan"). Mr. Yang is also the director and controlling or substantial shareholder of certain private companies, namely Yang's Development Limited and Affluent Splendid Investment Holdings Limited both of which engage in property investment and development businesses in the PRC. Mr. Yang is directly interested in 100% shares of Jade Leader International Investment Limited ("Jade Leader") and 100% shares of Honor Huge Investment Holdings Limited ("Honor Huge"), which own as to 100% interest in shares of All Great International Holdings Limited ("All Great"), which owned as to 40.16% interest in the issued shares of the Company. Mr. Yang also personally holds 11,608,000 shares of the Company. Mr. Yang is a sole director of Jade Leader, Honor Huge and All Great, respectively.

GAO Jingyao

Mr. Gao Jingyao ("Mr. Gao"), aged 50, graduated from Sun Yat-Sen University major in Business Administration. Mr. Gao also obtained a degree in Master of Business Administration from Jinan University. Mr. Gao had over 20 years' working experiences in financial services industry. From 2001 to 2014, Mr. Gao was employed by Industrial and Commercial Bank of China, and was the principals in certain sub-branches in Zhongshan City, general manager of Business Department of Zhongshan Branch and deputy principal of Maoming Branch. From 2014 to January 2021, Mr. Gao was employed by Hua Xia Bank, and was the general manager of Sales Department of Guangzhou Branch and principal of Zhongshan Branch.

TAM Ka Wai

Mr. Tam Ka Wai ("Mr. Tam"), aged 35, graduated from the Huaqiao University in Fujian Province, the PRC with a bachelor's degree in Economics. Mr. Tam has extensive experience in business operation, development, marketing and management. Prior to joining the Company, Mr. Tam has been appointed as a director of Golden Shining Investment Limited, a company specialising in travel business, since January 2014, and a director of GBA Cultural Residence Holdings Limited, an investment holding company, since October 2018. Mr. Tam is responsible for overseeing the day-to-day operations, formulating operational strategies and business management of the aforementioned companies. As at the date of this report, Mr. Tam personally owns 5,000,000 shares of the Company.

Biographies of Directors and Senior Management

WONG Yuk Lun, Alan

Mr. Wong Yuk Lun, Alan ("Mr. Alan Wong"), aged 49, graduated from the University of Sunderland with a bachelor's degree in Accounting and Finance. Mr. Alan Wong had been working with various accounting firms and commercial companies, and has over 20 years of experience in merger and acquisitions, financial management, taxation, audit and non-audit services. Mr. Alan Wong has served as an executive director of NOVA Group Holdings Limited (stock code: 1360) since July 2020 and a chief executive officer since 6 April 2023, the issued shares of which are listed on the Stock Exchange. Mr. Alan Wong has also served as an independent non-executive director of Huisheng International Holdings Limited (stock code: 1340) since July 2017, Smart City Development Holdings Limited (stock code: 8268) since July 2019, and Kin Shing Holdings Limited (stock code: 1630) since December 2021, the issued shares of all of which are listed on the Stock Exchange. Mr. Alan Wong has also served as an independent non-executive director of Temir Corp. (stock code: TMRR) since July 2019, the issued shares of which are traded on the OTC Securities Marketplace in the United States of America. Mr. Alan Wong was formerly an independent non-executive director of TUS International Limited (currently known as Titan Invo Technology Limited) (stock code: 872) from September 2014 to July 2020.

CHAN Hoi Ling

Ms. Chan Hoi Ling ("Ms. Cheryl Chan"), aged 50, has been appointed an independent non-executive Director of the Company since October 2010. She graduated from the University of South Australia with a Bachelor's Degree in Accountancy, the Hong Kong Polytechnic University with a Master's Degree in Business Administration, and the University of Hong Kong with a Master of Laws in Compliance and Regulation. She has extensive experience in auditing and accounting. Ms. Cheryl Chan was admitted as an associate member of the Hong Kong Institute of Certified Public Accountants and the Australian Society of Certified Practising Accountants.

SO Wai Lam

Ms. So Wai Lam ("Ms. So"), aged 42, has been appointed as an independent non-executive Director of the Company since October 2010. She holds a Bachelor's Degree in Science with double majors in Mathematics and Statistics from the University of British Columbia in Canada and a Master's Degree in Finance from the University of Hong Kong. Ms. So has over 16 years of experience in the corporate finance industry. She is a responsible officer of INCU Corporate Finance Limited, a licensed corporation which carries out Type 6 (Advising on corporate finance) regulated activity under the Securities and Futures Ordinance.

CHAN Chu Hoi

Ms. Chan Chu Hoi ("Ms. Ella Chan"), aged 62, is a member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Ms. Ella Chan has over 20 years' experience in financial management, accounting, internal control and auditing. Prior to joining the Company, Ms. Ella Chan worked as an accounting and administrative manager of a subsidiary of Exide Technologies, a company listed on NASDAQ (stock code: XIDE) from August 1999 to December 2010. Ms. Ella Chan was also appointed as a manager of an accounting firm in Hong Kong from February 2011 to February 2014. During her tenure of services in the accounting firm, Ms. Ella Chan was responsible to carry out audit and assurance services, and set up and implement the quality control policy of the firm. From March 2014 to May 2015, Ms. Ella Chan worked as a senior accounting manager at a property investment company in Hong Kong. From June 2015 to April 2017, Ms. Ella Chan was appointed as a senior manager of the securities division of a subsidiary of the Company. From November 2019 to November 2022, Ms. Ella Chan was appointed as an independent non-executive director of China Resources and Transportation Group Limited (Stock Code: 0269), the issued shares of which are listed on the Stock Exchange. From May 2020 to July 2020, Ms. Ella Chan was appointed as an independent non-executive director of China Gem Holdings Limited (Stock Code: 1191), the issued shares of which are listed on the Stock Exchange.

SENIOR MANAGEMENT

WOO Chung Ping

Mr. Woo Chung Ping ("Mr. Woo"), aged 60, is the Group Financial Controller and Company Secretary of the Company. Mr. Woo has extensive experience in accounting, auditing and finance. Mr. Woo joined the Company in June 2008. Mr. Woo has been the Group Financial Controller of the Group for over 16 years and presently is responsible for the finance, company secretarial matters, human resources and administration functions. Mr. Woo is directors of certain subsidiaries of the Company. Mr. Woo graduated from The Hong Kong Polytechnic University with a Bachelor of Science degree in Actuarial Science and a Master of Science degree in Accountancy. Mr. Woo obtained a Postgraduate Diploma in Finance and Law from The School of Professional and Continuing Education of The University of Hong Kong and a Bachelor of Science degree in Mathematical Studies from The Open University of Hong Kong (currently known as Hong Kong Metropolitan University). Mr. Woo is a practising member of The Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants, a member of CPA Australia, an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and an associate member of the Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

During the year, the Group was principally engaged in properties development and hotel business in Mainland China ("the People's Republic of China" or the "PRC"). Details of the principal activities of the principal subsidiaries are set out in the note 48 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2023 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements from pages 76 to 145.

No dividends have been declared in respect of the year.

BUSINESS REVIEW

The fair review of the business performance and financial position of the Group for the year ended 31 December 2023, the discussion of possible new business development, principal risks and uncertainties surrounding the Group's operational environment and important events subsequent to the year-end are provided in the Management Discussion and Analysis and Letter to Shareholders of this annual report. It is the philosophy of the Group to make every endeavour to comply with relevant laws and regulations which can be found throughout this annual report. Apart from that, below section is a review of business by financial key performance indicators which highlight further information about the performance of the Group.

Analysis of Business by Financial Key Performance Indicators

For the year ended 31 December 2023 and 2022, the profitability of the Group was as below:

Profitability	2023	2022
(Net loss)/net profit margin ratio	**(67.02)%**	20.61%
Return on equity ratio	**(172.06)%**	378.05%

Return to shareholders	2023	2022
(Loss)/profit per share —basic	**(HK$2.65 cents)**	HK$3.82 cents
(Loss)/profit per share — diluted	**N/A**	N/A

As at 31 December 2023 and 2022, current ratio of the Group was as below:

Liquidity and debt	2023	2022
Current ratio	**1.20**	0.70
Gearing ratio	**2,005.9%**	991.4%

GOING CONCERN AND MITIGATION MEASURES

Details of the going concern and mitigation measures of the Group are set out in section "Management Discussion and Analysis" on pages 6 to 9 and note 2 to the financial statements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Board of the Group recognizes the importance of mitigating the environmental impact of its operations and creating value for the communities in which it operates to ensure long-term growth. The Group actively monitors and assesses the risks and opportunities associated with environmental, social, and governance (ESG) issues, considering their relevance to the Group's property development and hotel business investments.

The Board has taken overall responsibility for defining an ESG strategy that aligns with the Group's operations. They also oversee the management of risks related to material ESG topics, including occupational health and safety, customer satisfaction, environmental compliance, and talent development. These significant ESG components are managed by a senior management team, supported by department heads who are responsible for identifying and addressing ESG-related risks and opportunities, including those related to climate change, in day-to-day operations.

A detailed account of the Group's ESG performance will be provided in the eighth ESG report, specifically on pages 41 to 65 of the annual report. The report will outline the Group's environmental policies, confirm compliance with relevant laws and regulations, and explain the engagement strategies employed with key stakeholder groups.

Environmental Policies

The Group primarily operates from its headquarters in Hong Kong, and its overall environmental impact is minimal. Nonetheless, we remain committed to running our workplace in an environmentally conscious manner by promoting energy conservation and optimal resource utilization among our staff.

Recognizing the potential adverse effects of climate change on our daily operations, the Group has established a climate change policy. This policy aims to manage the risks associated with climate change, particularly in relation to extreme weather events that may occur throughout the year. The Group regularly reviews and evaluates its Climate Change Policy, ensuring its adaptability and resilience in the face of climate change impacts on both its workforce and business activities. By proactively addressing climate change risks, the Group strives to safeguard its operations and maintain long-term sustainability.

The Group has granted a sub-license for the operation of our hotel facilities, specifically La Palazzo Hotel in Maoming, Guangdong, PRC, to a hotel operator. We can confirm that the operator strictly adheres to established rules, procedures, and processes for managing the hotel's environmental performance. We ensure that the hotel operator stays updated on the latest national regulations pertaining to ESG and that all operations are conducted in compliance with applicable regulations.

During the year, our hotel operations have successfully maintained emissions of air pollutants and greenhouse gases within the statutory limits set by the Environmental Protection Bureau. We prioritize environmental responsibility and aim to mitigate the environmental impact associated with our hotel operations.

The hotel implements sustainable practices by recycling the swimming pool water for sanitary purposes and adopting environmental-friendly methods for linen washing. The management team is actively involved in promoting energy conservation goals and ensuring that all employees are motivated to follow environmentally friendly work practices.

Compliance with laws and regulations

The Group is committed to strict compliance with all relevant laws, including the Environmental Protection Tax Regulation, the Law of the PRC on Prevention and Control of Environmental Pollution of Solid Waste, as well as regulations addressing environmental noise pollution, air pollution, and water pollution. The management of the Group recognizes the importance of promptly adapting to changes in these regulations to uphold its reputation, operational efficiency, and financial performance.

During the year, the Group has maintained full compliance with environmental laws and regulations concerning air and greenhouse gas emissions, water and land discharges, as well as the management and disposal of both hazardous and non-hazardous waste. There have been no instances of non-compliance with these environmental regulations.

As a listed company, the Group is obligated to comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Codes on Takeovers, Mergers, and Share Buybacks, the Companies Law of the Cayman Islands, and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). We diligently adhere to all provisions outlined in these regulations and ensure that both our own operations and those of the hotel operator align with the legal requirements set forth by the relevant statutes.

Key Relationships with Stakeholders

Our main stakeholder groups include customers, employees, shareholders, local communities, governments, non-governmental organizations, national and international trade associations, and suppliers. The Group recognizes the importance of engaging and responding to these stakeholders as a crucial aspect of succeeding in the ESG framework, which is fundamental in today's business environment.

We actively engage with our main stakeholder groups through various channels, such as annual general meetings, corporate websites, and annual reports. These platforms provide opportunities for communication, feedback, and transparency, allowing us to understand and address their concerns and expectations effectively. By fostering meaningful and ongoing dialogue, we strive to build strong relationships and align our business practices with the interests and values of our stakeholders.

Employees

The key driver of our business growth is our efficient and dedicated team, comprising talented individuals. The Group firmly believes that fair, just, and transparent employment rules and procedures are crucial for attracting, retaining, and motivating high-quality employees. We have implemented a comprehensive approach to ensure that grievances are addressed equitably, and our employees have access to appropriate channels for reporting any integrity-related concerns.

Our human resources staff strictly adheres to the Hong Kong Labour Ordinance and Chinese Labor Laws in terms of practices, policies, and plans. We have an employee handbook that explicitly prohibits any form of corruption, blackmail, fraud, or money laundering. To the best of our knowledge, there have been no instances of significant non-compliance with laws and regulations related to employment, labor practices, and occupational health and safety that have had an impact on the Group.

Customers

The Company, in collaboration with the hotel operator, works diligently to ensure customer satisfaction by providing clients with the best products and services. A standard operating system is in place to address and resolve any grievances or complaints from hotel guests. The execution of this system is overseen either by the highest-ranking executive on duty at the time or by the hotel manager.

The privacy of hotel guests' data is strictly protected to ensure that no personal information is disclosed to third parties. Only authorized senior personnel have access to complete guest information.

The Group's hotel has been approved by provincial authorities as a Grade A establishment in terms of catering, food safety, and public health. The hotel operator adheres to the "Guangdong Provincial Food Safety Regulations" and related policies and guidelines. The use of food additives is strictly regulated in accordance with the "Use of Food Additives Standards."

Suppliers

The Group ensures that its suppliers meet the required standards and legal obligations for environmental and social performance. We have a supplier code of conduct that includes corporate responsibility standards, which is used to select and evaluate suppliers. It is the responsibility of the hotel operator to collaborate with suppliers who uphold business ethics, operate transparently, and adhere to standards consistent with our own.

Furthermore, we maintain a list of bulk raw material providers to ensure a smooth supply of inputs. We regularly audit their operating licenses and quality assurance methods to ensure compliance.

REMUNERATION POLICY

As at 31 December 2023, the Group had 98 employees who were administrative and managerial staff. As part of the Group's human resources policy, employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus scale. Apart from offering competitive remuneration packages to employees, the Group also offers post-retirement benefits, discretionary bonuses and share options to eligible directors and staff of senior management based on individual performance.

Currently, the Group continues to implement its overall human resources training and development programme and encourages employees to equip themselves with the necessary knowledge, skills and experience to deal with the existing and future requirements and challenges.

The Remuneration Committee reviews, on an annual basis, remuneration packages offered to Directors and employees with reference to the prevailing market conditions, the experience of the Directors or employees and individual performance.

TAX RELIEF

The Company is not aware of any tax relief available to the Shareholders by reason of their holdings in the Company's securities.

Under current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years are set out on pages 147 to 148.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Group during the year are set out in note 38 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company during the year are set out in note 39 to the consolidated financial statements, and of the Group during the year are set out in the consolidated statement of changes in equity on page 73.

DISTRIBUTABLE RESERVES

At 31 December 2023, the Company had no reserves available for cash distribution and/or distribution in specie, calculated in accordance with the Companies Law (2018 Revision) of the Cayman Islands.

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are set out in note 47 to the consolidated financial statements.

HOTEL OPERATING RIGHTS AGREEMENTS

On 15 March 2017, the Group entered into two hotel operating rights agreements with two hotel operating rights holders, which were independent third parties (the "Hotel Operating Rights Agreements"). Under the Hotel Operating Rights Agreements, the hotel operating rights holders are granted the rights to operate and manage the Group's hotel in Maoming City, the PRC (the "Hotel") and the Group is entitled to receive an aggregate fixed monthly fee of RMB1 million plus a royalty fee calculated on the basis of 10% of the net profits generated by the Hotel each month. The Hotel Operating Rights Agreements will expire on 8 June 2026. For the year ended 31 December 2023, licensing income of the Group represented approximately of 0.3% of the total revenue of the Group. None of the Directors is interested in the Hotel Operating Rights Agreements.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's five largest customers shared more than 65.1% of the total revenue of the Group in the year and the aggregate revenue attributable to the largest customer included therein shared more than 51.4% of the total revenue of the Group. The aggregate purchases attributable to the Group's five largest suppliers shared more than 81.6% of the total purchases of the Group in the year and aggregate purchases attributable to the largest supplier included therein shared more than 41.3% of the total purchases of the Group. None of the Directors, their close associates or any shareholder of the Company owned more than 5% issued shares of the Company was interested in such customers and suppliers.

Report of the Directors

DIRECTORS

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

Executive Directors:

YANG Lijun *(Chairman & Chief Executive Officer)*
GAO Jingyao
TAM Ka Wai

Non-Executive Directors:

WONG Yuk Lun, Alan

Independent Non-Executive Directors:

CHAN Hoi Ling
SO Wai Lam
CHAN Chu Hoi

In accordance with Articles 106 and 107 of the Company's Articles of Association, Mr. Gao Jingyao, Ms. Chan Hoi Ling, and Ms. So Wai Lam shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Besides, Ms. Chan Hoi Ling and Ms. So Wai Lam, all being independent non-executive directors, have served the Company for more than nine years. Pursuant to the Corporate Governance Code of the Listing Rules, they will be subject to separate resolutions to be approved at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No Director or any of his/her connected entity had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisting during the year or as at 31 December 2023.

There was no contract of significance to the business of the Group made between the Company or any of its subsidiaries and controlling shareholder of the Company during the year or as at 31 December 2023.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2023, Mr. Yang, the executive Director and chief executive officer of the Company and chairman of the Board, declared his interests in the following private companies with businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group:

Name of companies	Nature of businesses considered to compete or likely to compete with the business of the Group	Nature of interest in those companies during 2023
Yang's Development Limited ("Yang's")	Property investment and development in the PRC	Mr. Yang had certain direct interests in Yang's, in which Mr. Yang was a controlling shareholder, director, and directors of certain subsidiaries of Yang's.
Affluent Splendid Investment Holdings Limited ("Affluent")	Property investment in the PRC	Mr. Yang had certain indirect interests in Affluent, in which Mr. Yang was a controlling shareholder and director.

The above-mentioned businesses have been managed either by the management and administration teams of the respective private companies, or by other outsourced independent professionals. The Directors of the Company acknowledge their responsibilities to act honestly and in the best interests of the Company while acting on behalf of the Group, and will do all such things and measures to avoid conflicts of interest arising. Apart from that, the independent non-executive Directors of the Company will assist in monitoring the operations of the Group to ensure that businesses of Group can be operated independently and will not be affected by the operations of the above-mentioned private companies. Thus, the interest of the Company's shareholders can be adequately represented.

Throughout the year of 2023, the Board comprised three independent non-executive Directors, all being members of audit committee.

Save as disclosed above, none of the Directors is considered to have interests in the business which competed or is likely to compete with the businesses of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Directors are entitled to grant of options under Share Option Scheme of the Company. Save for the aforesaid, at no time during the year was the Company, or any of its subsidiaries a party to any arrangement the object of which was to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN THE SECURITIES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2023, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"), were set out below:

Name of Director	Name of Company	Capacity	*Notes*	Number of ordinary shares held	Percentage of issued ordinary shares
Yang Lijun	The Company	Held by controlled corporations	1	3,087,027,152	40.16%
	The Company	Beneficial owner		11,608,000	0.15%

Note:

1. *As at 31 December 2023, All Great International Holdings Limited ("All Great") was owned as to 51% by Jade Leader International Investment Limited ("Jade Leader"), 35% by Honor Huge Investment Holdings Limited ("Honor Huge") and 14% by Ever Star International Investment Limited ("Ever Star"). Mr. Yang Lijun, an executive Director of the Company and the Chairman of the Board, was the sole beneficial owner of Jade Leader. Mr. Yang Lijun was the sole ultimate beneficial owner of the entire issued share capital of each of Honor Huge and Ever Star, which was interested in 35% and 14% of the issued share capital of All Great respectively. Accordingly, Mr. Yang Lijun was deemed to be interested in the 3,087,027,152 shares of the Company held by All Great pursuant to the SFO.*

Save as disclosed above, as at 31 December 2023, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

PERSONS HOLDING 5% OR MORE INTERESTS

As at 31 December 2023, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in the shares of the Company:

Name of Shareholders	Capacity	*Notes*	Number of ordinary shares held	Percentage of issued ordinary shares
All Great International Holdings Limited	Beneficial owner	2	3,087,027,152	40.16%
Jade Leader International Investment Limited	Held by controlled corporation	2	3,087,027,152	40.16%
Honor Huge Investment Holdings Limited	Held by controlled corporation	2	3,087,027,152	40.16%
Lin Rujie	Interest of Spouse	3	3,098,635,152	40.31%
Huang Anfeng	Held by controlled corporation	4	1,320,000,000	17.17%
Bright Goal Investment Holding Limited	Beneficial owner	4	1,320,000,000	17.17%
Huang Anfeng	Beneficial owner		59,448,000	0.77%
High Summit Global Limited	Beneficial owner	5	740,808,000	9.64%
Chen Kaijun	Held by controlled corporation	5	740,808,000	9.64%

Notes:

2. *As at 31 December 2023, All Great was owned as to 51% by Jade Leader, 35% by Honor Huge and 14% by Ever Star. Mr. Yang Lijun, an executive Director of the Company and the Chairman of the Board, was the sole beneficial owner of Jade Leader. Mr. Yang Lijun was the sole ultimate beneficial owner of the entire issued share capital of each of Honor Huge and Ever Star, which was interested in 35% and 14% of the issued share capital of All Great respectively. Mr. Yang Lijun, Jade Leader and Honor Huge were deemed to be interested in the 3,087,027,152 shares of the Company held by All Great pursuant to the SFO, and such number of shares had duplicated with equivalent number of shares as disclosed in note 1 to the section headed "Directors' interests in the securities and debentures of the Company and its associated corporations" above.*

3. *Ms. Lin Rujie, spouse of Mr. Yang Lijun was deemed to be interested in the shares of the Company deemed to be interested by Mr. Yang Lijun, an executive Director and Chairman of the Board.*

4. *As at 31 December 2023, Mr. Huang Anfeng was interested in 100% issued share capital of Bright Goal Investment Holding Limited.*

5. *As at 31 December 2023, Ms. Chen Kaijun was interested in 100% issued share capital of High Summit Global Limited.*

Independent Auditor's Report on the Company's Consolidated Financial Statements for the year ended 31 December 2022

As disclosed in sections headed "Basis for Disclaimer of Opinion" and "Disclaimer of Opinion" in independent auditor's report contained on pages 66 to 68 of this report, the auditor of the Company did not express an audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2023 as the Group incurred net loss approximately of HK$204,429,000 for the year ended 31 December 2023. The Group's financial obligations due within twelve months as at 31 December 2023 approximately of HK$1,302,981,000, and the Group's bank borrowing repayable on demand approximately HK$256,248,000. While the Group's available cash and cash equivalents amount to approximately of HK$13,370,000.

The Board's Response to the Auditor's Opinion

With respect to the matters described in the section headed "Basis for Disclaimer of Opinion" in the Independent Auditor's Report, the Board has given careful consideration to the future liquidity and performance of the Group and has been undertaking certain plans and measures to improve the Group's liquidity and financial position, which include:

(i) negotiating with existing lenders to extend the repayment days of certain loans and borrowings and interest;

(ii) obtaining additional new sources of finance;

(iii) accelerating the pre-sales of properties under development and speed up the delivery of completed properties to property buyers;

(iv) negotiating with contractors to extend for the payment of contracting costs; and

(v) implementing business strategy to enhance the Group's profitability and cash flows.

DIVIDEND POLICY

It is the Board's discretion to declare or recommend distribution of dividends, which depends on the financial performance, working capital requirements, future business plans and the funding requirements of the Group, external economic factors and Shareholders' interests.

SIGNIFICANT CONTRACT WITH CONTROLLING SHAREHOLDERS

The Group and the controlling shareholders of the Company did not enter into any contract of significance during the year of 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

PRE-EMPTIVE RIGHTS

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

INDEMNITY PROVISION

During the year of 2023, the Company had arranged appropriate insurance coverage in force on Director's liabilities in respect of potential legal liabilities against them.

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules throughout the accounting period covered by the annual report save for the deviations as disclosed in the Corporate Governance Report from pages 24 to 40.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at 3 April 2024, being the date of this report, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT COMMITTEE AND REVIEW OF FINAL RESULTS

The Board has established the audit committee of the Company (the "Audit Committee") which comprises three independent non-executive Directors.

The Audit Committee has met with the auditors of the Group and the Company's management to review the accounting principles and practices adopted by the Company, the effectiveness of internal systems and controls of the Group, and the audited financial statements of the Group for the year ended 31 December 2023.

AUDITOR

The consolidated financial statements for the year were audited by CCTH CPA Limited who will retire and being eligible, offer itself for re-appointment as the auditor of the Company at the forthcoming annual general meeting of the Company.

On behalf of the Board
YANG Lijun
Chairman

Hong Kong, 3 April 2024

Corporate Governance Report

The board (the "Board") of directors ("Director(s)") hereby presents the Corporate Governance Report for the year ended 31 December 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Compliance with Code on Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independency. The Board believes that good corporate governance is essential to the success of the Company and to the enhancement of shareholders' value.

The Company adopts the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules as the basis of the Company's corporate governance practices.

Throughout the year of 2023, the Company has applied the principles of and complied with the applicable code provisions as set out in Appendix C1 of the Listing Rules, except for code provision C.2.1.

BOARD

Board Composition

During the year of 2023, the Board comprised seven Directors, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors ("INEDs"). The composition of the Board during the year of 2023 was set out as follows:

Executive Directors	YANG Lijun *(Chairman and Chief Executive Officer)* GAO Jingyao TAM Ka Wai *(appointed on 3 March 2023)*
Non-executive Director	WONG Yuk Lun, Alan *(appointed on 3 March 2023)* WONG Kui Shing, Danny *(resigned on 3 March 2023)*
INEDs	CHAN Hoi Ling SO Wai Lam CHAN Chu Hoi *(appointed on 3 March 2023)* SUNG Yat Chun *(resigned on 3 March 2023)*

An updated list of the Company's Directors, their roles and functions can be found from the Company's website at www.cctagroup.com.hk and the Stock Exchange's website at www.hkex.com.hk.

The name of each INED was identified in all corporate communications of the Company.

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

The Company also received from each of the Directors annual confirmations that there is no financial, business, family or other material/relevant relationships between Board members, and all the Directors have sufficient time and attention to the affairs of the Company.

Chairman and Chief Executive Officer

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

On 5 February 2021, Mr. Yang, the chairman and an executive Director of the Company, was appointed as chief executive officer of the Company. As Mr. Yang has extensive experience in the businesses of property development and investment, the Board believes that by holding both roles of the chairman and the chief executive officer, Mr. Yang will be able to provide strong leadership for the Board and effective and efficient business decisions for the Group. The Board believes that the present structure of the Board would provide adequate checks and balances, and a variety of opinions relating to the affairs and the businesses of the Group.

Non-executive Directors

Under code provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

During the year of 2023, all the non-executive Directors including INEDs were appointed for a specific term of one year subject to retirement by rotation and re-election at the annual general meeting ("AGM") of the Company in accordance with the articles of association ("Articles of Association") of the Company.

INEDs

Throughout the year of 2023 and up to the date of this report, the Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. Rule 3.10(1) requires that every board of directors of a listed issuer must include at least three INEDs, Rule 3.10(2) requires that at least one of the INEDs must have appropriate professional qualifications or is accounting or related financial management expertise, and Rule 3.10A requires that an issuer must appoint independent non-executive directors representing at least one-third of the board. At all time during the year of 2023, all INEDs met the guidelines for assessment of their independence as set out in Rule 3.10 of the Listing Rules.

During the year of 2023, the INEDs, Ms. Chan Hoi Ling, Ms. So Wai Lam, and Mr. Sung Yat Chun (resigned on 3 March 2023) had served the Company for more than nine years, during the tenure of offices they provided the Company with a wide range of expertise, skills, impartial views, comments, and independent judgment on issues of strategic directions, development, financial performance and risk management through their contribution at attending the Board meetings and Committee meetings. They have not taken part in the day-to-day management of the Company.

The Company also received from each of the INEDs a confirmation of independence for the year of 2023 pursuant to Rule 3.13 of the Listing Rules.

Further, up to the date of this Report, the Board has not been aware of the occurrence of any events which would cause it to believe that their independence has been impaired. The Company considers such Directors to be independent.

Appointment and Re-election of Director

According to the Articles of Association of the Company and at the annual general meeting in each year, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the conclusion of the meeting or adjourned meeting at which he/she is due to retire.

In the annual general meeting of the Company held on 30 May 2023 ("2023 AGM"), Mr. Yang Lijun, Ms. Chan Hoi Ling and Ms. So Wai Lam, not less than one-third of the Directors for the time being, retired and offered themselves for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board meets regularly to discuss the overall strategy as well as the operations and financial performance of the Group, and to review and approve the Group's annual and interim results.

The Board has reserved for its decisions or consideration of matters covering mainly the Group's overall strategy, annual operating budget, annual and interim results, recommendations on Directors' appointment or re-appointment, material contracts and transactions, other significant policies, corporate governance, and financial related matters. The Board has delegated the day-to-day responsibility to the executive Directors and the management.

Regular Board meetings each year are scheduled in advance to facilitate maximum attendance of Directors. At least a 14 days' notice period for a regular Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The company secretary assists the chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comments before being tabled at the following Board meeting for approval. All minutes are kept by the company secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

According to the current Board practice, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board meeting. The Articles of Association of the Company also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his/her associates have a material interest.

During the year of 2023, the Board has established a mechanism to ensure a strong independent element on the Board of the Company, which allows the Board to effectively exercise independent judgment, better safeguard shareholders' interests, and maintain and improve the Board performance. The mechanism mainly covers:

(i) the establishment of term of reference of the nomination committee (the "Nomination Committee") to identify suitable candidates, including independent non-executive directors, for appointment as Directors;

(ii) the process and criteria of identifying, selecting, recommending, cultivating and integrating new directorship;

(iii) annual assessment of the independence of INEDs;

(iv) the entitlement of each Director to seek independent professional advice in performing their duties at the Company's expense;

(v) the entitlement of each Director to access to Board papers and related materials, and seek for the advice and services of the company secretary or senior management;

(vi) setting out the reasons for proposing a resolution to elect an individual as an INED at the general meeting in the circular to the shareholders; and

(vii) putting the annual review of the Board's independence as an on-going exercise of the Company.

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against them.

Directors' Attendance Record at Meetings

Pursuant to the code provision C.5.1 of the CG Code, the board of issuers should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. For the year ended 31 December 2023, there were eight (8) board meetings held. The Directors were well acknowledged of the operations and financial performance of the Group for the year under review.

The individual attendance record of each Director at the meetings of the Board, Remuneration Committee, Audit Committee, Nomination Committee and general meetings during the year ended 31 December 2023 are set out below:

	Number of meetings attended/held							
Name of Directors	Board	Remuneration Committee	Audit Committee	Nomination Committee	Executive Committee	Chairman and INEDs	Annual General Meetings	Extraordinary General Meeting
Executive Directors								
YANG Lijun *(Chairman and Chief Executive Officer)*	7/8	–	–	–	–	1/1	1/1	1/1
GAO Jingyao	8/8	–	–	–	–	–	0/1	1/1
TAM Ka Wai	7/8	–	–	–	–	–	1/1	1/1
Non-executive Director								
WONG Kui Shing, Danny *(resigned on 3 March 2023)*	0/8	–	–	–	–	–	–	–
WONG Yuk Lun, Alan	7/8	–	–	–	–	–	1/1	0/1
INEDs								
CHAN Hoi Ling	8/8	1/1	2/2	2/2	–	1/1	1/1	1/1
SO Wai Lam	8/8	1/1	2/2	2/2	–	1/1	0/1	1/1
CHAN Chu Hoi	7/8	–	2/2	–	–	1/1	0/1	0/1
SUNG Yat Chun *(resigned on 3 March 2023)*	1/8	1/1	–	2/2	–	–	–	–

The procedures and arrangements for a Board meeting, as mentioned in the section headed "Board" of this report, have been adopted for the committee meetings so far as practicable.

Continuous Professional Development of Directors

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, Companies Ordinance/Act and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills. From time to time, Directors are provided with written training materials to develop and refresh their professional skills.

According to the records maintained by the Company, the Directors received the following training and/or regulatory updates with an emphasis on the roles, functions, and duties of a director of a listed company in order to comply with the requirements of the CG Code on continuous professional development during the year ended 31 December 2023.

Name of Directors	Reading regulatory updates	Attending trainings/ briefings/ seminars/ conferences relevant to Directors' duties
Executive Directors		
YANG Lijun *(Chairman and Chief Executive Officer)*	✓	
GAO Jingyao	✓	
TAM Ka Wai	✓	
Non-executive Director		
WONG Yuk Lun, Alan	✓	
INEDs		
CHAN Hoi Ling	✓	✓
SO Wai Lam	✓	✓
CHAN Chu Hoi	✓	✓

All Directors confirmed that they had complied with code provision C.1.4 of the CG Code on directors' continuous professional development for the year ended 31 December 2023.

Financial Reporting

The Board acknowledges its responsibilities of the preparation of the financial statements of the Group in accordance with statutory requirements and applicable accounting standards, and to report on material uncertainties, if any, relating to events or conditions that may cast significant doubt upon the Group's ability to continue preparing the accounts on a going concern basis. The Board also ensure the timely publication of the financial statements of the Group.

The statement of external auditor of the Company, CCTH CPA Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report.

The Board confirms that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt about the Company's ability to continue preparing the financial statements on the assumption that the Group will continue as a going concern.

BOARD COMMITTEES

The Board has established various committees, including a Remuneration Committee, an Audit Committee, a Nomination Committee and an Executive Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the company secretary, are circulated to all Board members and the committees are required to report to the Board on their decision and recommendations where appropriate.

Audit Committee

The Audit Committee has been established since March 1999. Throughout the year 2023, the Audit Committee consisted of four members namely, Ms. CHAN Hoi Ling (Chairman of the Audit Committee), Ms. SO Wai Lam, Mr. SUNG Yat Chun (resigned on 3 March 2023) and Ms. CHAN Chu Hoi (appointed on 3 March 2023), all being the INEDs.

The Company has complied with Rule 3.21 of the Listing Rules, which requires that at least one of the members of the Audit Committee possesses appropriate professional qualifications or accounting or financial management related expertise.

The main responsibilities of the Audit Committee are to review the financial statements and the auditors' reports and monitor the integrity of the financial statements. Other responsibilities include the appointment of auditor, approval of the auditor's remuneration, discussion of audit procedures and any other matters arising from the above. The Audit Committee is also charged with the responsibilities to oversee the financial reporting system and internal control procedures and their effectiveness.

The terms of reference of the Audit Committee has been published on both the websites of the Company and the Stock Exchange, which will be revised from time to time subsequent to any changes to the policies, authorities, duties and responsibilities of the Audit Committee or when there is any new requirements of the CG Code of the Listing Rules become effective.

The Audit Committee shall meet at least twice a year in accordance with its terms of reference. There were two (2) Committee meetings held in the year of 2023 and the attendance of each member is set out in the section headed "Board" of this report.

It is also a practice of the Audit Committee to deal with matters by way of resolutions (and so far as practicable for those other committee meetings).

In the year of 2023, the Audit Committee performed the works as summarised below:

(i) reviewed and recommended 2022 final results, audit findings and draft final results announcement for the Board's approval;

(ii) reviewed and considered various accounting issues and new accounting standards and their financial impacts;

(iii) considered the auditor's remuneration for the year 2023;

(iv) reviewed and recommended 2023 interim results, audit findings, draft management discussion and analysis section of the interim report for the Board's approval;

(v) reviewed the adequacy of resources, qualifications and experience of the Company's accounting staff and financial reporting function, and the training programmes and budget; and

(vi) reviewed the effectiveness of the Group's risk management and internal control systems and recommended the Report on the Risk Management and Internal Control for the Board's approval.

Nomination Committee

The Nomination Committee has been established since 1 April 2012. Throughout the year 2023, the Nomination Committee consisted of four members namely, Mr. SUNG Yat Chun (Chairman of the Nomination Committee) (resigned on 3 March 2023), Ms. SO Wai Lam, Ms. CHAN Hoi Ling and Ms. CHAN Chu Hoi (Chairman of the Nomination Committee since 3 March 2023), all being the INEDs.

The Board has adopted a set of terms of reference of the Nomination Committee, which takes into account the following in the course of nomination, appointment and removal of Directors, and make recommendations to the Board whenever they consider appropriate.

(i) To review the structure, size, and composition (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, experience, and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(ii) To identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships;

(iii) To consider potential candidates on merit against criteria such as academic qualification, working experience, skills and knowledge with due regard for the Board succession and Board diversity perspective; and

(iv) To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer, after taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed, as appropriate.

The Nomination Committee would make recommendations to the Board for consideration on nominations, appointment and re-appointment of directors. The consideration of a proposed director candidate involves the assessment of the merits, academic qualification, working experience, skills and knowledge of the candidate from board succession and board diversity perspective.

The Company appreciates the importance of a diverse team of board members, which is crucial to maintain a high quality of directors' team.

The Nomination Committee shall formulate the nomination policy, review the size, structure and composition of the Board, and assess the independence of its INEDs in accordance with the prescribed criteria of the CG Code.

The terms of reference of the Nomination Committee has been published on both the websites of the Company and the Stock Exchange, which will be revised from time to time subsequent to any changes to the policies, authorities, duties and responsibilities of the Nomination Committee or when there is any new requirements of the CG Code of the Listing Rules become effective.

The Nomination Committee shall meet at least once a year in accordance with its terms of reference. There was two (2) Committee meeting held in the year of 2023 and the attendance of each member is set out in the section headed "Board" of this report.

It is also a practice of the Nomination Committee to deal with matters by way of resolutions (and so far as practicable for those other committee meetings).

In the year 2023, the Nomination Committee performed the works as summarised below:

(i) reviewed and recommended for the Board's approval the proposed resolutions for re-election of the retiring directors at the AGM held on 30 May 2023;

(ii) reviewed the structure, size, composition and the diversity policy of the Board and assessed the independence of each INED;

(iii) reviewed the terms of appointment of the non-executive Director and INEDs for one year commencing from 1 January 2023; and

(iv) reviewed the biographies of each of the INEDs who had served that Company for more than nine years, and considered that each of the INEDs during their tenure of offices they provided the Company with a wide range of expertise, skills, impartial views, comments, and independent judgment on issues of strategic directions, business development, financial performance and risk management through their contributions at attending Board meetings and Committee meetings and had fulfilled the role of an independent non-executive Director.

Remuneration Committee

The Remuneration Committee has been established since August 2005. During the year of 2023, the Remuneration Committee consisted of three members namely, Ms. SO Wai Lam (Chairman of the Remuneration Committee), Ms. CHAN Hoi Ling, Ms. CHAN Chu Hoi (appointed on 3 March 2023), and Mr. SUNG Yat Chun (resigned on 3 March 2023), all being the INEDs.

The Board has adopted a set of terms of reference of the Remuneration Committee, which accommodates a model where the Remuneration Committee performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management only.

The Remuneration Committee is responsible for ensuring formal and transparent procedures for developing remuneration policies and overseeing the remuneration packages of the executive directors and senior management. It takes into consideration of factors such as salaries paid by comparable companies, time commitment and responsibilities of Directors and senior management.

The terms of reference of the Remuneration Committee has been published on both the websites of the Company and the Stock Exchange, which will be revised from time to time subsequent to any changes to the policies, authorities, duties and responsibilities of the Remuneration Committee or when there is any new requirements of the CG Code of the Listing Rules become effective.

The Remuneration Committee shall meet at least once a year in accordance with its terms of reference. There was one (1) Committee meeting held in the year of 2023 and the attendance of each member is set out in the section headed “Board” of this report.

It is also a practice of the Remuneration Committee to deal with matters by way of resolutions (and so far as practicable for those other committee meetings).

In the year of 2023, the Remuneration Committee performed the works as summarised below:

(i) assessed performance of executive Directors;

(ii) reviewed the existing policy and structure for the remuneration of Directors;

(iii) reviewed the existing remuneration packages of the executive Directors and senior management; and

(iv) reviewed and recommended the remuneration packages for the renewal of the terms of appointment of the non-executive Director and the INEDs for one year commencing from January 2024 for the Board’s approval.

The remuneration payable to Directors will depend on their respective contractual terms under their letter of appointments or service contracts as approved by the Board on the recommendation of the Remuneration Committee.

Executive Committee

The Executive Committee has been established since February 2013. During the year of 2023, the Executive Committee consisted of three members namely, Mr. Yang Lijun (Chairman of the Committee), Mr. Tam Ka Wai, and Mr. Gao Jingyao.

The Executive Committee is vested with all the general powers of management and control of the activities of the Group as are vested in the Board, save for those matters which are reserved for the Board's decision and approval pursuant to the written terms of reference of the Executive Committee. The Executive Committee will meet as and when necessary to discuss the operating affairs of the Group and may also deal with matters by way of circulation. The Executive Committee plays a complementary role to undertake and supervise the day-to-day management of the Group and is empowered:

(i) to formulate and implement policies for the business activities, internal control and administration of the Group; and

(ii) to plan and decide on strategies to be adopted for the business activities of the Group within the overall strategy of the Group as determined by the Board.

There was no Committee meeting held in the year of 2023 even though most of the day-to-day operations and management decisions were vested in and approved by the Board. The attendance of each member at the Committee meeting is set out in the section headed "Board" of this report.

It is also a practice of the Executive Committee to deal with matters by way of resolutions (and so far as practicable for those other committee meetings).

COMPANY SECRETARY

Mr. Woo Chung Ping ("Mr. Woo") is the company secretary of the Company. His biography is depicted on page 12 of this annual report. All Directors have access to the advices and services of the Company Secretary. The Company Secretary is responsible for reporting to the Board, advising the Board on corporate governance matters, ensuring that board procedures are followed, and the proper functioning of communications among Directors, shareholders and the management. During the year ended 31 December 2023, Mr. Woo took no less than 15 hours of relevant professional training to update his skills and knowledge to meet the training requirement set out in Rule 3.29 of the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems to evaluate the risks that the Company is willing to take in achieving the Company's objectives, and safeguard the Group's assets at all times. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's risk management framework consists of the Board, the Audit Committee and the senior management of the Group. The Board would (1) determine and identify the risks that would have material impact on the achievement of strategies and business objectives of the Group; (2) evaluate the effectiveness of the Group's risk management and internal control systems to monitor the operation of controls; (3) monitor the status of compliance with rules, laws and regulations such as compliance with Listing Rules; and (4) provide directions in identifying, evaluating and managing significant risks. The review of the risk management and internal control systems of the Group was through the engagement of external audit professional with the support of the Audit Committee on an ongoing basis pursuant to code provision D.2. The review would be conducted annually and cover each of the twelve months of the year. A risk management and internal control review report will be submitted to the Audit Committee and the Board for review once a year.

The Company did not have its in-house internal audit function. The Board is of the view that there is no immediate need to set up an internal audit department of the Group because of the size, nature and complexity of the Group's business.

In the year of 2023, the Board, through the engagement of external audit professional with the support of the Audit Committee, evaluated the internal control system of the Group. A report of the review of risk management and internal control systems for the year of 2023 was submitted to the Audit Committee and the Board for review. Based on the findings of the report, the Board and the Audit Committee were not aware any material weaknesses that would have adverse impact on the effectiveness and adequacy of the risk management and internal control systems of the Group. Apart from that, there was a review of adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, and the training programmes and budget by the Audit Committee in the year 2023. The Board considers the risk management and internal control systems of the Group are effective and adequate.

Whistleblowing Policy

The Company always adheres to the value of integrity and honesty, and has zero tolerance of corruption, blackmail, fraud and money laundering. The Company has established a code of conduct which spells out the guidelines to all employees and Directors on the acceptance of advantage and handling conflict of interest while dealing with the Company's businesses. The Company has also established a whistleblowing policy to set out procedures that need to be followed by our employees for reporting any grievance or suspected cases of corruption, malpractices and frauds. The nature of the report and identity of the employee making such report (whistle blower) shall be protected in strict confidence.

Inside Information

The Group provides general guidance to the Directors, the management and relevant staff to handle inside information and to ensure that the dissemination of inside information to the public is in an equal and timely manner according to the relevant laws and regulations.

Control measures implemented to ensure:

(i) The access of information is restricted to a limited number of employees on a need-to-know basis.

(ii) Confidentiality agreements are in place when the Company enters into significant negotiations.

(iii) Unauthorised access and use of inside information are strictly prohibited.

(iv) The Directors, the management and relevant staff who are authorised to access to inside information be aware of the responsibilities to safeguard and preserve information confidentiality, and prohibited to abuse or misuse of such information.

(v) The Directors, the management and relevant staff who accessed to inside information are prohibited to abuse or misuse of such information.

Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance duties including:

(i) to develop and review the Company's policies and practices and make recommendations to the Board on corporate governance matters;

(ii) to review and monitor the training and continuous professional development of directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review, and monitor the code of conduct applicable to employees and directors; and

(v) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

In the year of 2023, there were two (2) out of eight (8) Board meetings held to deal with corporate governance functions such as review of periodic management accounts, whistleblowing policy, and internal controls of the Group, and the implementation of board independence evaluation mechanism of the Company.

Board Diversity Policy

On 28 August 2013, the Board has adopted a board diversity policy (the "Policy") that sets out the Company's approach to achieve diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. Details of the Policy can be found on the Company's website at www.cctagroup.com.hk.

During the year of 2023, the Board had three (3) female members out of seven (7) members. The Board is characterised by diversity whether considered in terms of age, gender, cultural and professional background, knowledge and skills.

EXTERNAL AUDITORS' REMUNERATION AND AUDITOR RELATED MATTERS

The fees in respect of audit and non-audit services provided by the external auditors to the Group for the year ended 31 December 2023 is set out below:

		HK$'000
Types of services		
Audit fees to the auditors of the Group	— for current year	895
	— under provision for previous years	–
Taxation services and other services		161
Total		1,056

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors and relevant employees of the Company. Having made specific enquiry to the Directors and relevant employees, all the Directors and relevant employees confirmed that they had complied with the required standards as set out in the Model Code during the year ended 31 December 2023.

GOING CONCERN AND MITIGATION MEASURES

The Company's auditor expressed a disclaimer of opinion on the Company's audited consolidated financial statements for the year ended 31 December 2023 in respect of uncertainties relating to going concern (the "Disclaimer").

The Disclaimer, amongst other things, was due to certain events and conditions casting significant doubts and uncertainties about the Group's going concern, including:

(i) the Group recorded a net loss of approximately HK$204,429,000,

(ii) the Group's financial obligations due within twelve months as at 31 December 2023 approximately HK$1,302,981,000, and

(iii) the Group's bank borrowing approximately HK$256,248,000 repayable on demand.

While the Group's available cash and cash equivalents amount to approximately HK$13,370,000.

The Board, the Audit Committee and the management of the Company acknowledged the basis on which the auditor expressed the Disclaimer, and have been undertaking certain plans and measures to improve the Group's liquidity and financial position, which include:

(i) negotiating with existing lenders to extend the repayment days of certain loans and borrowings and interest;

(ii) obtaining additional new sources of finance;

(iii) accelerating the pre-sales of properties under development and speed up the delivery of completed properties to property buyers;

(iv) negotiating with contractors to extend for the payment of contracting costs; and

(v) implementing business strategy to enhance the Group's profitability and cash flows.

COMMUNICATION WITH SHAREHOLDERS

Shareholders' Communication Policy

The Board has adopted a Shareholders' Communication Policy reflecting mostly the current practices of the Company for communication with its Shareholders. Such policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. However, it will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders including:

(i) corporate communications such as annual reports, interim reports and circulars which are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.cctagroup.com.hk;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information and the Memorandum and Articles of Association of the Company are made available on the Company's website;

(iv) AGM and EGM provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and

(v) the Company's share registrars' serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters.

According to the Articles of Association of the Company, the notice of general meeting to Shareholders is to be sent in the case of an AGM at least 21 days before the meeting and to be sent at least 14 days in case of all other general meetings. An explanation of the detailed procedures of conducting a poll is provided to the Shareholders at the commencement of the meeting. The Chairman answers questions from Shareholders regarding voting by way of a poll. The poll results are published in the manner prescribed under the requirements of the Listing Rules.

Details of the General Meetings held in 2023

The Company's annual general meeting is a valuable forum for the Board to communicate directly with the Shareholders. Under code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate to attend. These persons should be available to answer questions at the annual general meeting. Code provision C.1.6 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

AGM of the Company held on 30 May 2023

The 2023 annual general meeting of the Company (the "AGM") was held on 30 May 2023. Because of the work commitments, one (1) executive Director and two (2) independent non-executive Directors could not attend the AGM. However, there were one (1) non-executive Director and one (1) independent non-executive Director presented to enable the Board to develop a balanced understand of the views of the shareholders.

EGM of the Company held on 16 November 2023

An EGM of the Company held on 16 November 2023 was to approve the proposed change of name of the Company and the proposed amendments to the memorandum and articles of association of the Company by way of the adoption of the new amended and restated memorandum and articles of association of the Company. Because of the work commitments, one (1) non-executive Director and one (1) independent non-executive Director could not attend the AGM. However, there were two (2) independent non-executive Directors presented to enable the Board to develop a balanced understand of the views of the shareholders.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an EGM

Pursuant to the Articles of Association, the Board shall, on the requisition of the members of the Company holding at the date of the deposit of the requisition not less than one-tenth of the voting rights of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting.

The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the Company's principal place of business in Hong Kong, and may consist of several documents in like form each signed by one or more requisitionists.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting for a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

A meeting convened under the Articles of Association by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to convene a meeting shall be repaid to the requisitionists by the Company, and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration in respect of their services to such of the Directors as were in default.

Procedures for Putting forward Proposals at a General Meeting

Pursuant to the Articles of Association, it shall be the duty of the Company, on the requisition in writing of such number of members as is specified in Articles of Association and (unless the Company otherwise resolves) at the expense of the requisitionists:

(i) to give to members entitled to receive notice of the next annual general meeting any resolution which may properly be moved and is intended to be moved at that meeting; and

(ii) to circulate to members entitled to receive notice of any General Meeting a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Notice of any such resolution shall be given, any such statement shall be circulated, to members of the Company entitled to have notice of the meeting sent to them, and notice of any such resolution shall be given to any other member of the Company by giving notice of the general effect of the resolution in accordance with the provisions of the Statutes.

Shareholders of the Company may make written enquiries to the Board, either by post or by facsimile, together with his/her/its contact details, such as postal address or fax, addressing to the principal place of business of the Company at Unit 402, Kowloon City Plaza, 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong or facsimile number at (852) 3188 6631.

Procedures for Proposing a Person for Election a Director

As regards the procedure for proposing a person for election as a Director, please refer to the procedures made available under the “Corporate Governance” section (“Procedure for election of Directors” sub-section) of the Company’s website at www.cctagroup.com.hk.

Procedures for Directing Shareholders’ Enquiries to the Board

Enquiries of shareholders can be sent to the Company either by email at finance@cctagroup.com.hk (for finance matters) and/or cosec@cctagroup.com.hk (for company secretarial matters) or by post to the Company’s principle place of business at Unit 402, Kowloon City Plaza, 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

INVESTOR RELATIONS

The Company considers effective communication with shareholders is essential for enhancing investor relations and investors’ understanding of the Group’s business. The Company endeavors to maintain an on-going dialogue with shareholders and particularly, through annual general meeting and other general meetings. The website of the Company at www.cctagroup.com.hk has provided an effective communication platform to the public and the shareholders.

CHANGE OF COMPANY NAME AND AMENDMENTS TO THE COMPANY'S MEMORANDUM AND ARTICLES OF ASSOCIATION

A special resolution was passed by the shareholders of the Company at an EGM held on 16 November 2023 to make certain amendments to the memorandum and articles of association of the Company for the purposes of, amongst other things, (i) the change of the English name of the Company from "TFG International Group Limited" to "China Cultural Tourism and Agriculture Group Limited" and change of the dual foreign name in Chinese of the Company from "富元國際集團有限公司" to "中國文旅農業集團有限公司", and (ii) the amendments of certain memorandum and articles of association of the Company and the adoption of the new amended and restated memorandum and articles of association, in substitution for and to the exclusion of the amended and restated memorandum and articles of association of the Company adopted by a special resolution passed by the Shareholders on 27 June 2022, by making consequential amendments to reflect the name change of the Company and making housekeeping amendments for the correction of certain typographical errors and grammatical mistakes.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but also about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our Shareholders to promote and improve our transparency are also welcome.

ABOUT THE REPORT

This is the eighth Environmental, Social and Governance (hereinafter referred to as the "Report" or "ESG Report") report of China Cultural Tourism and Agriculture Group Limited (hereinafter referred to as "the Company" or "We") (Stock code: 542) and its subsidiaries (hereinafter referred to as "the Group"). The report describes the Group's environmental, social and governance performance and its approach to the related issues in 2023.

This report is published in Chinese as well as English. The English version shall prevail if any discrepancy between the two versions is identified. For governance section, please refer to our 2023 Annual Report from page 41 to page 65.

Reporting Guidelines

This ESG report complies with requirements stipulated in the ESG Reporting Guide under Appendix C2 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principles of materiality, quantitative, consistency and balance have been followed in the Report's preparation.

Reporting Boundary

The Group's operations span a variety of sectors including cultural tourism, e-commerce, agricultural products and food processing, hotel industry, and real estate development in China. This Report covers ESG performance of the Company's Hong Kong headquarters and business operations in China with revenue of HKD305.0 million, which includes property development business in Hengqin, Doumen and Chengdu, China, and hotel business (La Palazzo Hotel) in Maoming, China.

The Group intends to expand the reporting boundary over time, to include ESG-related data from prime tourism assets in China's Greater Bay Area, such as the Taishan Gold Coast International Resort in Jiangmen, Guangdong, Zhongshan Quan Lin Happy World, Beilala Animal Kingdom, and the Golden Splendid Hotel Management Group, as well as food processing businesses and e-commerce.

Feedback

We value your feedback and believe it helps us improve not only the Report but also performance. Please feel free to contact us for any questions or comments at info@cctagroup.com.hk.

Environmental, Social and Governance Report

BOARD STATEMENT

The Group has endeavoured to integrate sustainable development into every aspect of its business and has worked toward the low-carbon transformation of its business to fulfil its corporate social responsibility for sustainable development.

The Board bears the responsibility for the Group's ESG performance, including climate-related risks and monitoring the process of materiality assessment. Our various departments, including Procurement, Operations, Human Resources & Administration, Finance and Legal actively contribute by formulating strategies for sustainable development and implementing actions that align with these principles as an integral part of our daily operations.

To adhere to the principles of sustainability, we have implemented a robust governance framework to ensure effective management of our Environmental, Social, and Governance (ESG) performance, as well as the corresponding strategies.

Our annual ESG report details our approach to management of the related risks and opportunities in business operations. The Board regularly reviews our performance against set targets, demonstrating our commitment to responsible corporate practices and creating lasting value for stakeholders. The Board of Directors of the Company hereby confirms that it has reviewed and approved the report.

On behalf of the Board
Yang Lijun
Chairman

Hong Kong, 3 April 2024

PROCESS TO DETERMINE MATERIALITY

The Group has developed a detailed process to assess the materiality of different sustainability issues, taking into account the interests and expectations of all stakeholders. The Group's stakeholders include customers, employees, suppliers, government departments, local communities and the general public.

Our ESG management approach and performance affect the decision making process of our stakeholders. Hence, we actively engage our stakeholders through different channels to identify their relevant interests and concerns and to keep them informed of actions taken by the Group to address their concerns.

Stakeholder	Interest of concerns	Channels of communication
Customers	• Full compliance with regulations • Product and service quality • Ethical marketing	• Customer satisfaction survey • Guest services counter in hotel • Service hotline
Employees	• Compensation and benefits • Occupational health and safety • Career development opportunities • Corporate culture and engagement	• Training • Media platform • "Welcoming Ambassador" • Employee activities
Suppliers	• Long-term partnership • Ethical business practices • Supplier assessment criteria	• In-person meeting • Supplier audit
Government	• Regulatory requirements • Environmental and safety compliance	• Regulatory policies training • In-person meeting
Community and General public	• Community engagement initiatives	• Volunteering and donation

Based on stakeholders feedback, we have prioritised the identified material topics based on their likely impact on the environment and local communities, the Group's business operations and the likelihood of their occurrence, as well as the level of stakeholder concern. As validated by the Board, the Group's material topics remain the same as in the previous year: **Emissions and Waste, Energy Efficiency, Anti-corruption, Product Quality and Safety, and Employee Engagement.**

CLIMATE CHANGE

We continue to conduct assessments of climate change risks, identifying the risks that climate change poses to our business. We recognise that climate change not only constitutes physical risks such as hurricanes, floods and other extreme weather events but also poses disruptions or negative impacts to employees and business operations. Furthermore, climate change may engender transition risks in regulatory frameworks and market dynamics, potentially impacting the Group's finances.

In addition, climate change will create opportunities also, to transition to a low-carbon economy and inspire new endeavours in the development of our business. The Group has formulated a climate change policy to guide management approaches and strategies for mitigation, adaptation, and resilience to climate change.

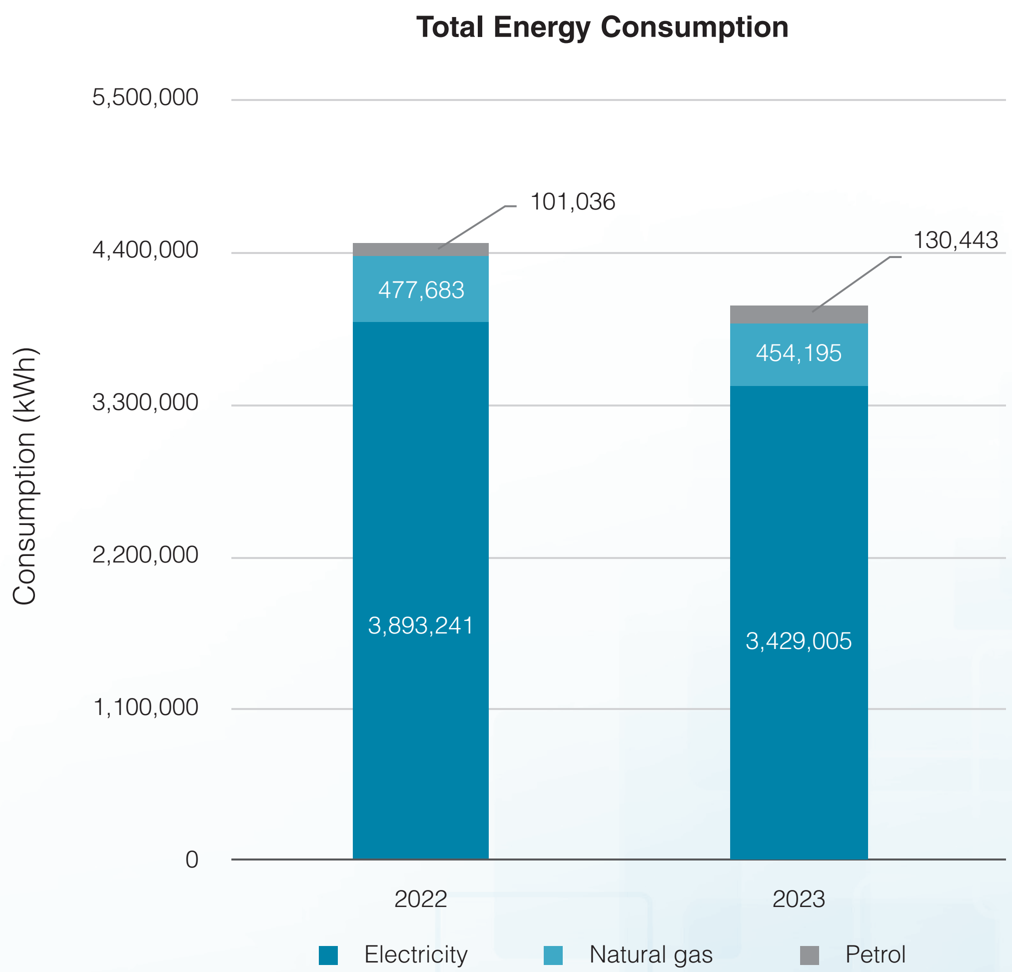
Risk Types		Risk Description	Potential Financial Impacts
Physical Risks	Extreme Weather	• Extreme weather affects normal hotel operations	Reduction in operating income due to the impact on the operation of hotel businesses
		• Extreme weather disrupts work on projects under construction or damages completed projects	Increase in operating expenses for repairing and replacing damaged facilities
		• Transport delays due to extreme weather conditions	Increase in construction cost due to delay in transport and supply of construction materials
Transition Risks	Policies and Regulations	• Tightening building energy regulations and guidelines	Increased capital investment and expenditures to comply with these regulations
		• More stringent public disclosure requirements	Increased expenditures for meeting these new requirements
	Market, Reputation and Liability	• Increased market demand for green and energy-efficient properties	Increased revenue due to potentially higher rental premiums for green buildings
		• Increased tenant demand for energy efficiency and data transparency	Increased revenue due to improved tenant satisfaction and experience
	Supply Chain	• Greater adoption of low-carbon construction materials	Increased material procurement expenditures
	Technology and Innovation	• Increased adoption of green and low-carbon technology	Increased capital investments in technology
		• Increased adoption of renewable energy	Increased capital investment in renewable energy systems

Energy Consumption

The Group strives to continuously reduce energy consumption in various property development and hotel projects. Energy consumption involved in daily operations includes electricity, natural gas, and petrol. During the year, our operations consumed 3,429,005 kWh of electricity, 42,000 m^3 of natural gas and 14,734 litres of petrol.

Resource Type	2022	2023	Change
Electricity — Headquarter (kWh)	15,659	**19,852**	27%
Electricity — Hotel business (kWh)	3,682,030	**3,214,700**	–13%
Electricity — Property development (kWh)	195,552	**194,453**	–0.6%
Natural gas (m^3)	44,172	**42,000**	–5%
Petrol (litres)	11,412	**14,734**	29%
Total energy consumption (kWh)	4,471,960	**4,013,644**	–10%
Energy intensity (kWh/HK$'000)	2.8	**13.2**	371%[1]

We have been making continuous efforts to enhance our energy performance and are progressively moving towards a low-carbon journey. During the year, total energy consumption of the Group was 4,013,644 kWh, representing an decrease of 10% over the previous year, with an energy intensity of 13.2 kWh per thousand HKD revenue.



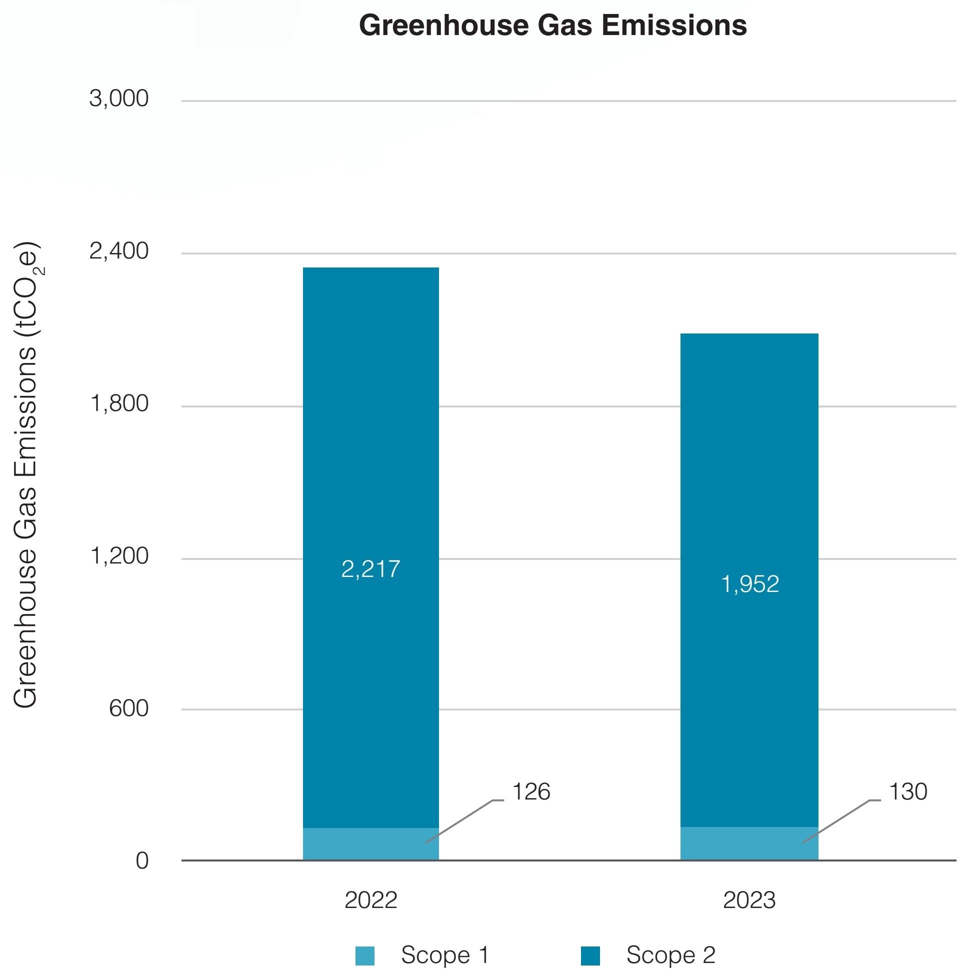
[1] *Increase in energy intensity due to lower revenues in FY2023.*

Carbon Emissions

In 2023, we continued to implement various measures and strategies to achieve our carbon emissions reduction targets, and we remain committed to practical actions and measures to mitigate, adapt to, and withstand climate change. To reduce operational carbon emissions, we have set the following targets:

KPIs	Targets
A1.5 Emission Reduction	Full switch to electric vehicles by 2030
A2.3 Energy Efficiency	Gradually move towards 100% of electrical appliances with energy-saving labels

During the year, aggregate greenhouse gas ("GHG") emissions were 2,082 tonnes of carbon dioxide equivalent ("tCO_2e"), of which direct emissions attributed to fuel consumption of vehicles and combustion of natural gas (Scope 1) were 130 tCO_2e. Indirect emissions (Scope 2) attributed to electricity purchased were 1,952 tCO_2e. Purchased electricity accounted for 94% of total GHG emissions.



Promoting Green Measures

The Group diligently considers ecological and environmental impacts of its new development projects and business operations to help mitigate its impact on the ecosystem. Environmental impact assessments are conducted prior to the commencement of all new projects. Additionally, the Group actively incorporates green building concepts through the entire life cycle of its projects to minimise the projects' carbon footprint. It reduces energy and water consumption by using various systems and equipment. We regularly monitor the effectiveness of our green initiatives.

The Group designs its buildings to ensure ample natural lighting and ventilation which helps provide quality indoor air and minimise energy consumption. The Group has installed solar systems and uses residual heat for water heating. Furthermore, natural airflow is used to cool elevator shafts, stairwells, and bridge boxes, thus saving on air conditioning and energy consumption.

In alignment with energy saving incentive and penalty scheme of the government, the Group rewards or penalises operating departments for meeting (or failing to meet) energy saving targets, and regularly organises training activities to enhance employees' knowledge of energy-saving practices and to motivate them to join hands to implement measures for carbon reduction.

OUR PLANET

The Group is believes environmental protection is an important part of sustainable development of its businesses. We include the environmental impact of our business operations in the scope of management, actively assess the possible negative impact of each business on the environment, and take measures to minimise the impact.

The Group's Hong Kong headquarters is an entirely office-based operation with relatively limited environmental impacts. Major environmental impacts of our operations emanate from property development and hotel businesses in Mainland China. Although the La Palazzo Hotel in Maoming, China is operated by a licensee, its environmental performance is covered by our integrated management system. We encourage hotel staff and hotel customers to comply with environment-friendly initiatives, and we require the licensee to comply with relevant environmental laws and regulations[2].

In 2023, the Group did not commit any violations relating to the discharge of gases, wastewater, hazardous and non-hazardous waste.

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[2] *List of applicable laws and regulations available in "Laws and Regulations".*

Water Consumption

The Group actively responds to national and industry initiatives on water conservation. In order to reduce water consumption, we have set a goal: gradually expand the proportion of water-saving devices to 100%. Besides, we have taken several water-saving measures, including the use of taps with water recycling systems and flow restrictors in a number of projects and the use of swimming water for toilet flushing and sanitation in our hotel business.

KPI	Target
A2.4 Water Efficiency	The proportion of water-saving devices is gradually moving towards 100%

The Group has faced no issue in sourcing water fit for the purpose. In 2023, we consumed a total of 58,339 tonnes of municipal water at an intensity of 0.19 tonnes per thousand HKD revenue.

	Unit	2022	2023
Total water consumption	Tonnes	61,979	**58,339**
Water consumption intensity	Tonnes/thousand HKD revenue	0.04	**0.19**[3]

Air Emissions

The Group's air emissions are mainly from fuel consumption of its own vehicles. In 2023, the Group generated 0.22 kg of sulphur oxides (SO_X), 13.09 kg of nitrogen oxides (NO_X) and 1.18 kg of particulate matter (PM).

Air emission type	Unit	2022	2023
Sulphur oxides (SO_X)	Kg	0.17	**0.22**
Nitrogen oxides (NO_X)	Kg	30.7	**13.09**
Particulate matter (PM)	Kg	2.83	**1.18**

To ensure that the surrounding environment of the site is not affected by dust, we require contractors to install dust suppression equipment such as sprinklers and protective nets at the site to prevent the spread of dust from construction machinery and vehicles. In order to improve air quality of the hotel, the Group has equipped it with an air ventilation and treatment system to ensure renewal and circulation of air.

Waste Management

The Group's hotel business generates a large amount of waste. In order to minimise the impacts of waste on the environment, we strictly classify waste in order to facilitate management and proper disposal of waste. We classify waste into non-hazardous waste and hazardous waste according to the *National Hazardous Waste List* and the actual situation of the Company.

Non-hazardous waste includes food waste, household waste and recyclable waste. Food waste and recyclable waste are handled by qualified third-party collectors and recycling agencies, while other non-hazardous waste is collected by Municipal Hygiene Departments. Hazardous waste generated from property development projects is managed separately by an authorised agency to avoid mixing with non-hazardous waste.

[3] *Increase in water consumption intensity due to lower operating revenues in FY2023.*

In 2023, the Group generated zero tonnes of hazardous waste and 3.07 tonnes of non-hazardous waste. During the year, our operations did not generate any packaging materials waste.

	Unit	2022	2023
Hazardous waste	tonnes	0	**0**
Non-hazardous waste	tonnes	5.14	**3.07**

OUR PEOPLE

We passionately believe that employees' contributions are key to the success of the Group's business. Therefore, we have always endeavoured to create a healthy, pleasant, diversified and productive working environment. At the same time, we attach great importance to attracting and nurturing talents, and we are committed to investing in employees' development and assisting them in pursuing a long-term career with the Group. We respect human rights of all employees and ensure that their rights are protected and they receive the benefits they deserve.

Employee Composition

During the year, the Group employed a total of 176 employees, of which 9 were based in Hong Kong and 167 were in Mainland China. The ratio of male employees to female employees was approximately 2:3. Majority of employees were aged between 30 and 50 years old, accounting for 78% of the entire workforce. Around 30% of our employees held a university degree or higher educational qualifications.

Employee distribution	As of 31 December 2023
Gender profile	
Male	69
Female	107
Age profile	
Under 30 years old	33
Between 30 and 50	138
Over 50 years old	5
Educational profile	
University or above	52
Below university	124
Professional profile	
Management	50
General staff	126

During the year, the overall employees' turnover rate was 57% whereas the new hire rate was 16%. Profiles of turnover and new hire rates in terms of gender and age are as below.

Employee distribution	Turnover rate	New Hire rate
Gender profile		
Male	48%	23%
Female	64%	11%
Age profile		
Under 30 years old	57%	33%
Between 30 and 50	53%	12%
Over 50 years old	180%	0

The Group has established *The Employee Handbook* to clarify handling of recruitment, dismissal and promotion matters. We ensure that there is no child labour or forced labour, through stringent checks and mandatory verification of identity cards prior to employment. During the year, we did not receive any reports of child labour or forced labour.

Employee Benefits and Rights

The Group is committed to providing competitive remuneration packages and a wide range of benefits to its employees, including medical services, discretionary bonuses and retirement schemes. The Remuneration Committee ensures objective, fair and transparent appraisals are conducted for each employee on a regular basis. Through the appraisal mechanism and performance analysis, the Remuneration Committee ensures that the remuneration packages of the employees are in line with the principle of fairness while maintaining competitiveness in the industry.

The health and well-being of our employees stand as paramount objectives in our sustainable development strategy, and are assigned the utmost priority. The Group actively creates a diversified and inclusive working environment. Apart from offering competitive and attractive remuneration, we also enhance the physical and mental health of our employees and promote workplace well-being by arranging a number of activities, including birthday parties and company-sponsored trips. In addition, we have set up a care foundation since 2014 to help employees facing financial difficulties due to special circumstances.

We understand the need for maintaining ethical behaviour by all employees and therefore have set up a mechanism to help employees report any unethical acts. Only supervisors or managers can handle communications received in this context. During the year, there was no instance of non-compliance with laws and regulations related to human resources that could have had a significant impact on the Group.

Occupational Health and Safety

Providing a safe working environment to employees is viewed as an important responsibility of the Group. In order to protect employees' occupational health and safety, we handle safety concerns from various business units and closely adhere to all applicable rules and regulations.[4]

Risk Mitigation

At its operational sites, the Group identifies potential sources of risks and hazards. As per the safety management system, our aim is to reduce the likelihood of significant mishaps. A list of safety control procedures is distributed and put into practice to ensure the personal safety of personnel. Safety instructions and the usage of protective equipment, such as a safety helmet, high-visibility clothes, and a safety harness, are outlined in our employee regulations.

Regarding operational responsibilities of the employees, the hotel business segment offers contractors and employees safety training for managing risks including electric shock, fire, mechanical harm, and falls on building sites. To improve each employee's emergency reaction readiness, our hotel regularly holds safety emergency exercises. The Group documented 71 hours of safety training in total during the reporting period.

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[4] *List of applicable laws and regulations available in "Laws and Regulations".*

We make sure that every employee receives the necessary care when a work-related accident occurs by promptly notifying the relevant department. Within 12 hours, comprehensive reports on all such instances are written in order to analyse the reasons and determine any potential preventative measures.

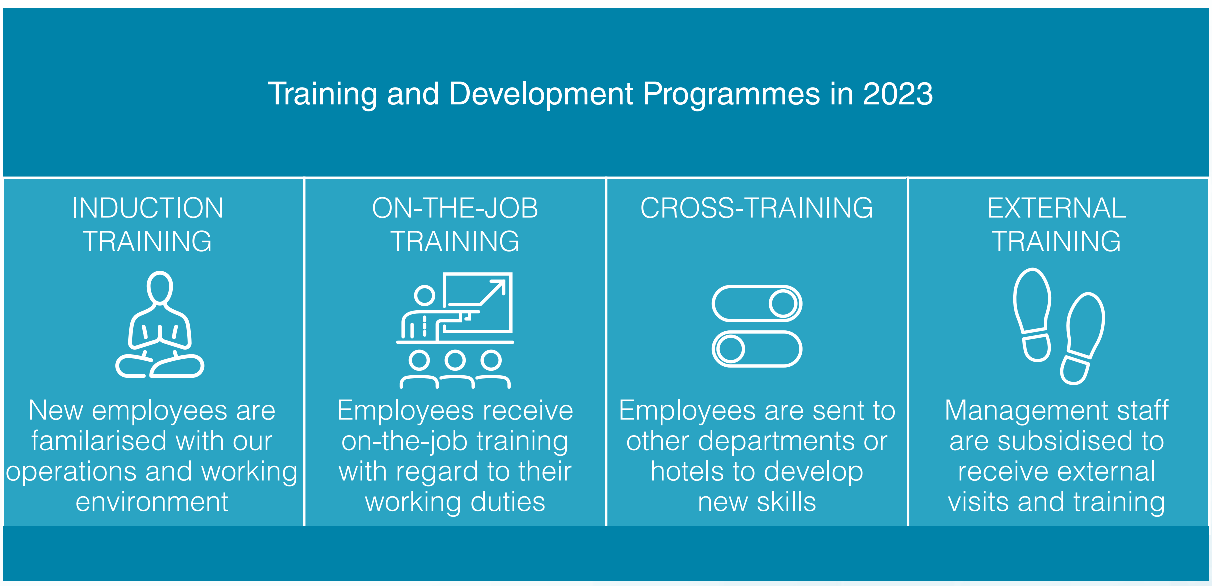
There have been no work-related mishaps, injuries or fatalities in the past three years. In terms of employment and labour practices, occupational health and safety, and other applicable laws and regulations that significantly affect the Group, we were not aware of any violations during the year.

Employee Development

The Group fosters a competitive work culture and places high importance on talent development. Training and development initiatives are designed to provide employees with fundamental information and develop abilities and experience they need to take on challenges.

On-the-job, operational, and cross-training are examples of internal training programmes. On the other hand, external training is arranged through professional or academic organisations. During the year, a total of 279 training hours and 113 person-times were recorded, which means 64% of employees were trained. The breakdown of average training hours and percentage of trained employees by gender and function are as follows:

	Average training hours	Percentage of employees trained
By Gender		
Male	2.39	64%
Female	1.07	64%
By Function		
Management	2.48	50%
General Staff	1.59	70%



OUR OPERATIONS

The Group uses various communication channels to receive feedback from customers and address any concerns they may have. This enables us to promptly and properly handle any complaints. We have documented a set of guidelines our staff has to follow to ensure customer satisfaction, as well as compliance with related and relevant laws and regulations.[5]

Product Responsibility

The Group is committed to providing customers with a comfortable, safe and high-quality living environment. Hence, we have taken actions in terms of the quality of construction materials, food safety and physical safety in the hotel business.

In real estate projects, we use the best quality construction materials and equipment and carry out strict checks to ensure that the quality meets the requirements. When necessary, we commission third-party inspections of construction materials and equipment, and in some cases require quality certification from suppliers.

In the hotel business, food safety and hygiene are a top priority. We do not use non-edible cooking media and restricted additives, and keep detailed records of the sources of ingredients used so that we can respond promptly and properly if any problems arise. In addition, in terms of hotel hygiene, we use professional cleaning tools and equipment to ensure that the cleanliness satisfies our customers.

Ensuring the physical safety of guests is also an important work for hotels. A close-circuit TV monitoring system has been installed to help us keep ourselves alert to any guests needing emergency medical assistance. In order to improve the ability of hotel staff to deal with all kinds of emergencies, such as natural disasters, fire, theft and other emergencies, we have issued an Employee Handbook that lays down the standard procedures that staff should follow when dealing with emergencies. We also hold relevant training programmes regularly.

In 2023, the Group complied with all laws and regulations pertaining to the health and safety, advertising, labelling, and privacy of hotel customers.

Customer Service

To ensure the quality of our services and handle customer complaints effectively, the Group has established various communication channels, such as service hotlines, hotel guest service counters, and customer satisfaction surveys. The Group has developed internal guidelines, known as the Employee Handbook, which employees are required to follow to ensure customer satisfaction, in addition to complying with relevant laws and regulations.

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[5] *List of applicable laws and regulations available in "Laws and Regulations".*

Responsible Supply Chain

In order to ensure sustainability of the supply chain, the Group conducts strict checks on its suppliers and is committed to developing long-term partners that match the Group's business philosophy and corporate culture. In 2023, we had 46 suppliers and all of them were from Mainland China.

Before deciding to hire a firm or contractor to provide us with goods and services, we conduct a comprehensive evaluation. In addition to ensuring price and quality, suppliers should also hold applicable permissions and licenses with the latest inspections and verification. Customer feedback is regarded as an important basis for evaluation, so we keep close contact with our customers and continue to focus on customer experience.

To ensure the quality of construction materials supplied, we require quality certification and perform random inspections. If any violation of quality requirements occurs, we discuss the matter with suppliers and contractors and take appropriate and quick follow-up actions. When necessary, we issue warnings to suppliers and require them to comply with the stipulated quality standards and if they fail to improve, we blacklist such suppliers.

Privacy Protection

Personal information of customers is used and stored in full compliance with the relevant laws and regulations.[6] Responsibility of protecting the growing mass of data is assigned to department heads and Personnel Administration Officer in case of the hotel business. All data and information are graded according to the need for confidentiality and access is allowed to officers at different levels of management accordingly. In principle, we treat all customer information as "confidential". The Security Department strictly monitors information safety management.

All employees who handle sensitive data and information are asked to sign confidentiality agreements and they take the responsibility for protecting information against unauthorised access and misuse. Besides customer information designs, banners, billboards, newspaper advertisements, new dishes and recipes for food and beverages and other internal plans of our hotel are also viewed as information that should remain confidential.

Anti-corruption

Zero tolerance of corruption, blackmail, fraud and money laundering is the Group's declared policy. The Code of Conduct applicable to all personnel clearly spells out the guidelines that need to be followed as well as the consequences of any violations. Appropriate channels are available to all employees for reporting any grievance or reporting suspected cases of corruption.

Anti-corruption training is also provided to the staff in order to help them comprehend what constitutes corruption or inappropriate acts and the value of honesty and integrity. The Group's senior management participates in online webinars or courses relating to anti-corruption. Providing guidelines and training, as well as suitable information materials such as books and magazines to directors and employees helps reduce the risk of corruption in the organisation.

During the year 2023, we were not aware of any non-compliance with laws and regulations[7] that could have a significant impact on the Group relating to bribery, extortion, fraud and money laundering.

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6 *List of applicable laws and regulations available in "Laws and Regulations".*

7 *List of applicable laws and regulations available in "Laws and Regulations".*

COMMUNITY

The Group believes that fulfilling its responsibility towards welfare of communities where it operates is as important as earning a profit. We make every effort to ensure that we are a socially responsible organisation and a good corporate citizen. As a matter of policy, we encourage employee participation in diverse community services. We also organise events such as blood donation camps and cooperate with colleges and universities to support students in need. We intend to explore opportunities to contribute more to the local community in the future.

LAWS AND REGULATIONS

The Group has designed and implemented policies for addressing each material issue related to ESG and ensures compliance with all applicable laws and regulations. The list of applicable laws and regulations is as follows:

Aspect	Applicable Laws and Regulations	Section/Remarks
Environmental Management	• Law of the People's Republic of China on Conserving Energy • Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution • Regulations of Guangdong Province on Conserving Energy in China • Energy Consumption Limits of Hotels and Shopping Malls in Guangdong Province (Trial) in China • Catering Industry Fume Emissions Standards in China • Integrated Wastewater Discharge Standards in China	OUR PLANET
Labour Standards	• Employment Ordinance in Hong Kong • Labour Law of the People's Republic of China • Labour Contract Law of the People's Republic of China • Law of People's Republic of China on Protection of Disabled Persons • Provisions on the Prohibition of Using Child Labour in China	OUR PEOPLE
Workplace Health and Safety	• Production Safety Law of the People's Republic of China • Law on Prevention of Occupational Disease of the People's Republic of China	Occupation Health and Safety
Food Safety	• Food Safety Law of the People's Republic of China • Measures for the Supervision and Administration of Food Safety in Catering Services in China • Standard Requirements for Catering Service Industry in China • Food Safety Regulations in Guangdong Province in China • Publicity Requirements on Food Additives Use in China	Product Responsibility
Anti-corruption	• Prevention of Bribery Ordinance in Hong Kong • Criminal Law of the People's Republic of China • Anti-Unfair Competition Law of the People's Republic of China	Anti-corruption

PERFORMANCE DATA SUMMARY

		2022	2023
Workforce Demographics	**Total Headcount**	**238**	**176**
	By Geographical Distribution		
	Hong Kong (Headquarters)	6	9
	Mainland China — Property development	38	26
	Mainland China — Hotel business	194	141
	By Age Group		
	Under 30 years old	40	33
	Between 30 and 50	185	138
	Over 50 years old	13	5
	By Gender		
	Male	79	69
	Female	159	107
	By Education		
	University or above	62	52
	Below university	176	124
	By Functional		
	General staff	163	50
	Management staff	75	126
	TOTAL	**238**	**176**
Health and Safety	**Occupational Health and Safety Performance**		
	Number of accidents	0	1
	Lost person days due to work-related injuries	0	15
	Work-related fatalities	0	0
	Safety Training		
	Total person-times	397	95
	Total hours	127	71
Environmental	**Total Resources Consumption (kWh)**	**4,471,960**	**4,013,644**
	Electricity (kWh)	3,893,241	3,429,005
	Natural gas (m^3)	44,172	42,000
	Petrol (litres)	11,412	14,734
	Municipal water (tonnes)	61,979	58,339
	Greenhouse Gases Emissions		
	Total GHG emissions (tCO_2e)	2,343	2,082
	Scope 1 (tCO_2e)	126	130
	Scope 2 (tCO_2e)	2,217	1952
	Air Emissions[8]		
	Sulphur oxides (SO_x) (kg)	0.17	0.22
	Nitrogen oxides (NO_x) (kg)	30.73	13.09
	Particulate matters (PM) (kg)	2.83	1.18
	Waste		
	Hazardous waste (tonnes)	0	0
	Non-hazardous waste (tonnes)	5.14	3.07

[8] *Air emissions are calculated based on fuel consumptions of all company-owned vehicles.*

ESG CONTENT INDEX

Reporting Principles	
Materiality	To keep up with the rapid pace of global and local sustainability, the Group maintains communication with stakeholders through various channels. Through these surveys, we have gained an in-depth understanding of the topics material to the Group, and ensured that these topics have been addressed in this report.
Quantitative	Whenever applicable, this report discloses historical and current key performance indicators ("KPIs") from 2022 and 2023. Through a direct comparison of year-on-year data, the effectiveness of the Group's ESG management approach may be gauged. An overview of the Group's 2023 ESG data may be found in the Performance Data Summary of the Appendix.
Balance	All relevant data and material topics, regardless of whether it has a positive or negative connotation, has been disclosed in a transparent manner.
Consistency	Unless explicitly mentioned, the data calculation methodologies for all derived figures are consistent with our 2022 ESG Report, thus allowing for direct comparisons to be made.

Relevant Policies
• Employee Handbook • Code of Conduct

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Governance structure		
General disclosure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	BOARD STATEMENT
Reporting principles		
General disclosure	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: a) Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. b) Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. c) Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	PROCESS TO DETERMINE MATERIALITY ESG CONTENT INDEX: — Report Principle

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Reporting Boundary		
General disclosure	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	ABOUT THE REPORT: — Reporting Guidelines and Reporting Boundary
A. Environmental		
Aspect A1	**Emissions**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ESG CONTENT INDEX: LAW'S AND REGULATIONS
KPI A1.1	The types of emissions and respective emissions data.	OUR PLANET: — Air Emissions — Waste Management PERFORMANCE DATA SUMMARY During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	CLIMATE CHANGE: — Carbon Emissions PERFORMANCE DATA SUMMARY
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	OUR PLANET: — Air Emissions — Waste Management PERFORMANCE DATA SUMMARY

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	OUR PLANET: — Air Emissions — Waste Management PERFORMANCE DATA SUMMARY
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	CLIMATE CHANGE: — Carbon Emissions — Energy Consumption — Promoting Green Measures
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled and a description of reduction target(s) set and steps taken to achieve them.	OUR PLANET: — Air Emissions — Waste Management
Aspect A2	**Use of resources**	
General disclosure	Policies on efficient use of resources including energy, water and other raw materials.	OUR PLANET: CLIMATE CHANGE: — Promoting Green Measures
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	CLIMATE CHANGE: — Energy Consumption PERFORMANCE DATA SUMMARY
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	OUR PLANET: — Water Consumption PERFORMANCE DATA SUMMARY
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	CLIMATE CHANGE: — Energy Consumption — Promoting Green Measures

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	OUR PLANET: — Water Consumption The Group sources water solely from municipal water supplies, having no issue in sourcing water that is fit for purpose. No water efficiency target is set, as it is not materials to us. Most of the water consumption is managed by our clients.
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's operations do not involve the use of packaging materials
Aspect A3	**The environment and natural resources**	
General disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.	OUR PLANET
KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	CLIMATE CHANGE OUR PLANET
Aspect A4	**Climate Change**	
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	CLIMATE CHANGE
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	CLIMATE CHANGE

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
B. Social		
Aspect B1	**Employment**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	OUR PEOPLE ESG CONTENT INDEX: — Relevant Policy LAW'S AND REGULATIONS During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	OUR PEOPLE PERFORMANCE DATA SUMMARY
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	OUR PEOPLE PERFORMANCE DATA SUMMARY
Aspect B2	**Health and safety**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	OUR PEOPLE — Occupational Health and Safety LAW'S AND REGULATIONS During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	OUR PEOPLE — Occupational Health and Safety PERFORMANCE DATA SUMMARY
KPI B2.2	Lost days due to work injury.	OUR PEOPLE — Occupational Health and Safety PERFORMANCE DATA SUMMARY
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	OUR PEOPLE: — Occupational Health and Safety
Aspect B3	**Development and training**	
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	OUR PEOPLE: — Employee Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	OUR PEOPLE: — Employee Development PERFORMANCE DATA SUMMARY
KPI B3.2	The average training hours completed per employee by gender and employee category.	OUR PEOPLE: — Employee Development PERFORMANCE DATA SUMMARY

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B4	**Labour standards**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	OUR PEOPLE: LAW'S AND REGULATIONS ESG CONTENT INDEX: — Relevant Policy During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	OUR PEOPLE: — Employee Composition
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	OUR PEOPLE: — Employee Composition
Aspect B5	**Supply chain management**	
General disclosure	Policies on managing environmental and social risks of the supply chain	OUR OPERATIONS: — Responsible Supply Chain
KPI B5.1	Number of suppliers by geographical region.	OUR OPERATIONS: — Responsible Supply Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	OUR OPERATIONS: — Responsible Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	OUR OPERATIONS: — Responsible Supply Chain
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	OUR OPERATIONS: — Responsible Supply Chain

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B6	**Product responsibility**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	OUR OPERATIONS: — Product Responsibility LAW'S AND REGULATIONS During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	OUR OPERATIONS: — Privacy Protection
KPI B6.4	Description of quality assurance process and recall procedures.	OUR OPERATIONS: — Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	OUR OPERATIONS: — Privacy Protection

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B7	**Anti-corruption**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	OUR OPERATIONS: — Anti-corruption LAW'S AND REGULATIONS ESG CONTENT INDEX: — Relevant Policy During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	OUR OPERATIONS: — Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	OUR OPERATIONS: — Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	OUR OPERATIONS: — Anti-corruption
Aspect B8	**Community investment**	
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMUNITY
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	COMMUNITY
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	COMMUNITY

CCTH CPA LIMITED
中正天恆會計師有限公司

TO THE SHAREHOLDERS OF
CHINA CULTURAL TOURISM AND AGRICULTURE GROUP LIMITED
(FORMERLY KNOWN AS TFG INTERNATIONAL GROUP LIMITED)
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Cultural Tourism and Agriculture Group Limited (formerly known as TFG International Group Limited) (the "Company") and its subsidiaries (together the "Group") set out on pages 69 to 145, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a material accounting policy information.

We do not express an opinion on the consolidated financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Going concern

As disclosed in note 2 to the consolidation financial statements for the year ended 31 December 2023, the Group recorded a net loss of approximately HK$204,429,000. As at 31 December 2023, the Group's financial obligations approximately HK$1,302,981,000, which are due for repayment within the next twelve months. Among these obligations, approximately HK$256,248,000 of bank borrowings are repayable on demand while Group's available cash and cash equivalents amount to approximately HK$13,370,000. These events and conditions, together with other matters described in Note 2 to this report, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remedy certain delayed repayments to financial institutions, which are set out in Note 2 to this report. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties including:

(i) the successful obtaining of additional new source of finance as and when needed;

(ii) accelerating the pre-sales of properties under development and speeding up the delivery of completed properties to property buyers; and

(iii) the successful negotiations with the property constructors and lenders for the renewal or extension of repayment for those construction costs, borrowings, including those construction costs payables, loan principals and interests that are already overdue.

Should the Group fail to achieve the abovementioned plans and measures, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

The consolidated financial statements have been prepared by the directors of the Company on a going concern basis. In view of the extent of the material uncertainties relating to the results of those measures to be undertaken by the Group which might cast a significant doubt on the Group's ability to continue as a going concern, we are unable to form an opinion as to whether it is appropriate for the preparation of the consolidated financial statement on a going concern basis.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report that include our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability for any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

CCTH CPA Limited
Certified Public Accountants
Hong Kong, 3 April 2024

Shek Man Hei Kimmy
Practising Certificate Number: P07274

Unit 1510–1517, 15/F., Tower 2,
Kowloon Commerce Centre,
No. 51 Kwai Cheong Road,
Kwai Chung, N.T.,
Hong Kong

Consolidated Statement of Profit or Loss

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
REVENUE	*8*	**305,020**	1,601,799
Cost of sales		**(187,255)**	(925,532)
Gross profit		**117,765**	676,267
Other income and gains	*9*	**95,802**	16,770
Selling expenses		**(4,950)**	(324)
Administrative and other expenses		**(75,381)**	(134,772)
Gain on disposal of subsidiaries	*11*	**–**	222,171
Impairment of licensing right		**(1,749)**	(3,258)
Impairment of property under development		**–**	(25,253)
Impairment of property held for sale		**(153,169)**	–
Finance costs	*10*	**(147,252)**	(203,706)
(LOSS)/PROFIT BEFORE TAX	*12*	**(168,934)**	547,895
Income tax expense	*13*	**(35,495)**	(217,761)
(LOSS)/PROFIT FOR THE YEAR		**(204,429)**	330,134
(Loss)/profit for the year attributable to:			
Owners of the Company		**(192,711)**	265,177
Non-controlling interests		**(11,718)**	64,957
		(204,429)	330,134
		HK cents	HK cents
(LOSS)/PROFIT PER SHARE	*14*		
— Basic		**(2.65)**	3.82
— Diluted		**N/A**	N/A

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Note	**2023** **HK$'000**	2022 HK$'000
(LOSS)/PROFIT FOR THE YEAR		**(204,429)**	330,134
OTHER COMPREHENSIVE (LOSS)/INCOME			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(4,853)**	2,656
Other comprehensive (loss)/income for the year, net of tax		**(4,853)**	2,656
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(209,282)**	332,790
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company	*17*	**(194,723)**	265,877
Non-controlling interests		**(14,559)**	66,913
		(209,282)	332,790

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*18*	**153,237**	173,740
Right-of-use assets	*19*	**42,769**	45,260
Properties under development	*20*	**1,623,860**	1,592,856
Licensing rights	*21*	**480**	3,160
TOTAL NON-CURRENT ASSETS		**1,820,346**	1,815,016
CURRENT ASSETS			
Properties held for sale	*23,24*	**1,026,602**	1,047,016
Inventories	*25*	**3,433**	941
Trade receivables	*26*	**1,021**	230
Prepayments, deposits and other receivables	*27*	**391,323**	215,196
Amount due from a director		**165**	170
Amount due from a non-controlling shareholder		**363**	283
Restricted bank balances	*28*	**131,912**	235,797
Cash and cash equivalents	*29*	**13,370**	16,127
TOTAL CURRENT ASSETS		**1,568,189**	1,515,760
TOTAL ASSETS		**3,388,535**	3,330,776
CURRENT LIABILITIES			
Trade payables, other payables and accruals	*30*	**519,459**	966,040
Contract liabilities	*34*	**178,623**	386,981
Amount due to a non-controlling shareholder	*31*	**2,206**	–
Loans and borrowings — due within one year	*33*	**320,905**	433,369
Promissory note payable	*35*	**–**	108,236
Amount due to a director	*32*	**–**	18,212
Tax payable		**281,788**	246,472
TOTAL CURRENT LIABILITIES		**1,302,981**	2,159,310
NET CURRENT ASSETS/(LIABILITIES)		**265,208**	(643,550)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,085,554**	1,171,466

Consolidated Statement of Financial Position

As at 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
NON-CURRENT LIABILITIES			
Loans and borrowings — due after one year	33	**1,160,820**	929,254
Other payables	30	**468,013**	–
Amount due to a director	32	**148,580**	5,750
Promissory note payable	35	**133,182**	–
Deferred tax liabilities	37	**87,045**	87,516
TOTAL NON-CURRENT LIABILITIES		**1,997,640**	1,022,520
NET ASSETS		**87,914**	148,946
Share capital	38	**76,872**	69,464
Reserves		**(20,796)**	33,173
Equity attributable to owners of the Company		**56,076**	102,637
Non-controlling interests		**31,838**	46,309
TOTAL EQUITY		**87,914**	148,946

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium account HK$'000	Property revaluation reserve HK$'000	Foreign currency translation reserve HK$'000	Capital reduction reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2022	69,464	778,892	6,600	863	191,925	19,154	(1,230,467)	(163,569)	40,368	(123,201)
Profit for the year	–	–	–	–	–	–	265,177	265,177	64,957	330,134
Other comprehensive income for the year	–	–	–	700	–	–	–	700	1,956	2,656
Total comprehensive income for the year	–	–	–	700	–	–	265,177	265,877	66,913	332,790
Disposal of subsidiaries	–	–	(6,600)	(4,879)	–	7,379	4,429	329	(60,972)	(60,643)
At 31 December 2022	69,464	778,892	–	(3,316)	191,925	26,533	(960,861)	102,637	46,309	148,946
At 1 January 2023	**69,464**	**778,892**	**–**	**(3,316)**	**191,925**	**26,533**	**(960,861)**	**102,637**	**46,309**	**148,946**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(192,711)**	**(192,711)**	**(11,718)**	**(204,429)**
Other comprehensive loss for the year	**–**	**–**	**–**	**(2,012)**	**–**	**–**	**–**	**(2,012)**	**(2,841)**	**(4,853)**
Total comprehensive loss for the year	**–**	**–**	**–**	**(2,012)**	**–**	**–**	**(192,711)**	**(194,723)**	**(14,559)**	**(209,282)**
Issue of shares (Note 38)	**7,408**	**140,754**	**–**	**–**	**–**	**–**	**–**	**148,162**	**–**	**148,162**
Acquisition of additional interest of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**88**	**88**
At 31 December 2023	**76,872**	**919,646**	**–**	**(5,328)**	**191,925**	**26,533**	**(1,153,572)**	**56,076**	**31,838**	**87,914**

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit for the year		**(204,429)**	330,134
Income tax expense	*13*	**35,495**	217,761
(Loss)/profit before tax		**(168,934)**	547,895
Adjustments for:			
Finance costs	*10*	**147,252**	203,706
Bank interest income	*9*	**(504)**	(1,044)
Depreciation of property, plant and equipment	*18*	**18,649**	19,206
Depreciation of right-of-use assets	*19*	**2,291**	2,470
Amortisation of licensing rights	*21*	**923**	1,882
Impairment loss on property held for sale under development	*23*	**153,169**	25,253
Impairment loss on licensing rights	*21*	**1,749**	3,258
Loss on disposal of property, plant and equipment	*12*	**–**	48
Net foreign exchange losses		**33,710**	22,553
Gain on disposal of subsidiaries	*11*	**–**	(222,171)
Gain on modification of financial liabilities	*9*	**(87,830)**	(13,714)
Fair value change of financial liabilities	*9*	**(4,720)**	–
Operating cash flows before working capital changes		**95,755**	589,342
Decrease in properties held for sale under development		**116,585**	671,522
Increase in inventories		**(2,492)**	(941)
Increase in trade receivables		**(801)**	(178)
(Increase)/decrease in prepayments, deposits and other receivables		**(127,635)**	78,815
Decrease in restricted bank balances		**97,680**	175,452
(Decrease)/increase in trade payables, other payables and accruals		**(239,489)**	315,478
Decrease in contract liabilities		**(198,350)**	(1,489,399)
Increase/(decrease) in amount due to non-controlling interest		**2,128**	(2,323)
Cash (used in)/generated from operating activities		**(256,619)**	337,768
Income tax paid		**(649)**	(28,824)
Net cash (used in)/generated from operating activities		**(257,268)**	308,944

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank and other interest income received	**504**	1,044
Purchase of property, plant and equipment	**(222)**	(130)
Proceeds from disposal of property, plant and equipment	**30**	102
Additions to properties under development	**–**	(169,601)
Acquisition of a subsidiary	**(38,922)**	–
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	**–**	253,587
Net cash (used in)/generated from investing activities	**(38,610)**	85,002
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of loans and borrowings	**259,122**	10,514
Repayment of loans and borrowings	**(32,865)**	(303,537)
Payment of principal of lease liabilities	**(490)**	(665)
Interest paid	**(57,811)**	(148,041)
Drawdown of loans from directors	**125,481**	26,557
Repayment of loans from directors	**–**	(43,517)
Net cash generated from/(used in) financing activities	**293,437**	(458,689)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(2,441)**	(64,743)
Effect of foreign exchange rate changes, net	**(316)**	(4,280)
Cash and cash equivalents at 1 January	**16,127**	85,150
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**13,370**	16,127

Notes to Consolidated Financial Statements

For the year ended 31 December 2023

1. CORPORATE INFORMATION

China Cultural Tourism and Agriculture Group Limited (formerly known as TFG International Group Limited) (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered office and principal place of business of the Company are located at 94 Solaris Avenue, 2nd Floor Camana Bay, Grand Cayman KY1-1203, Cayman Islands and Unit 402, Kowloon City Plaza, 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong, respectively. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the year, the Group's activities mainly comprised properties development, hotel business and trading of food and beverage in the People's Republic of China (the "**PRC**").

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinances. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange. They have been prepared under the historical cost convention. These consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

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

2. BASIS OF PREPARATION (Continued)

Going concern basis

For the year ended 31 December 2023, the Group recorded a net loss of approximately HK$204,429,000. As at 31 December 2023, the Group's financial obligations approximately HK$1,302,981,000, which are due for repayment within the next twelve months. Among these obligations, approximately HK$256,248,000 of bank borrowings are repayable on demand while Group's available cash and cash equivalents amount to approximately HK$13,370,000. These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remedy certain delayed repayments to financial institutions. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties including:

(i) the successful obtaining of additional new source of finance as and when needed;

(ii) accelerating the pre-sales of properties under development and speeding up the delivery of completed properties to property buyers; and

(iii) the successful negotiations with the property constructors and lenders for the renewal or extension of repayment for those construction costs, borrowings, including those construction costs payables, loan principals and interests that are already overdue.

Should the Group fail to achieve the abovementioned plans and measures, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

New standard and amendments to standards effective for the accounting period beginning on 1 January 2023

HKFRS 17	Insurance Contracts and related amendments
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendment to HKAS 12	International Tax Reform — Pillar Two Model Rules

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

Impact on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However,not all accounting policy information relating to material transactions,other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information,such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process"to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements Guidance and examples are added to the Practice Statement.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information,or information that only duplicates or summarises the requirements of the HKFRSs is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

4. NEW AND AMENDMENTS HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early adopted the following amendments and interpretations to standards that have been issued but are not yet effective for the year ended 31 December 2023:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Hong Kong Interpretation 5 (revised)	Presentation of Financial Statements — Classification by the borrower of a term loan that contains a repayment on demand clause[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)[3]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION

(a) Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company has power over the investee; the Group is exposed, or has rights, to variable returns from its involvement with the investee; and the Group has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

i the contractual arrangement with the other vote holders of the investee;

ii rights arising from other contractual arrangements; and

iii the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(b) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(c) Fair value measurement (Continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(d) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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 charged to the consolidated statement of profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(e) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2% to 5%
Furniture, fixtures and equipment	20% to 50%
Motor vehicles	20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least once each financial year.

The Group's intangible asset mainly consists of licensing rights.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(g) Leases

Definition of a lease

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

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

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(g) Leases (Continued)

The Group as a lessee (Continued)

Right-of-Use Assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments includes:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(g) Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(g) Leases (Continued)

The Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income and gains due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term except for investment properties measured under fair value model.

(h) Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell, except for financial assets within the scope of HKFRS 9 and investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

(i) Properties under development

Properties under development is stated at cost less impairment losses, if any. Cost of the properties includes purchase consideration, acquisition costs, development expenditure, interest and other direct costs attributable to such properties.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(j) Properties held for sale and properties held for sale under development

Properties held for sale and properties held for sale under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to sale proceeds received after the year end date less selling expenses, or by management estimates based on prevailing market condition.

Costs of properties include acquisition costs, development expenditure, interest and other direct costs attributable to such properties. The carrying values of properties held by subsidiaries are adjusted in the consolidated financial statements to reflect the Group's actual acquisition costs where appropriate.

(k) Inventories

Inventories comprising hygiene products, foodstuffs, beverages and other consumables are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(l) Financial instruments

Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses on change in fair value will either be recorded in profit or loss or other comprehensive income. For investments in equity investments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income is recognised when the right to receive payment is established.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(I) Financial instruments (Continued)

Financial assets (Continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recorded in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are recognised in the consolidated statement of profit or loss and are included in "other losses". Interest income from these financial assets is included in finance income or other income using the effective interest method.

Equity investments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to recognise fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Where the Group elected to present equity investments at fair value through profit or loss, changes in the fair value of financial assets are recognised in the consolidated statement of profit or loss and are included in other gains/(losses).

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(I) Financial instruments (Continued)

Financial assets (Continued)

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 53 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities at initial recognition are classified as financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value, net of directly attributable transaction costs.

The Group's financial liabilities at amortised cost include trade payables, other payables and accruals, amount due to non-controlling interest, amount due to a director, promissory note payable, lease liabilities and loans and borrowings.

(ii) Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

(iii) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(l) Financial instruments (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(m) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(n) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

(o) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 5(s)). 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.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(p) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(p) Income tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(q) Employee benefits

Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the reporting date.

Retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentages of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(r) Foreign currency translation

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(r) Foreign currency translation (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

For the preparation of the Group's consolidated financial statements, the assets and liabilities of group entities at end of the reporting period are translated into the presentation currency of the Company (i.e. Hong Kong dollar) at the exchange rates prevailing at the reporting date and their income and expenses for the year are translated into Hong Kong dollars at the average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and provision of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from contracts with customers

Revenues are recognised when or as the control of the asset is transferred to the buyer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the buyer;
- creates and enhances an asset that the buyer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the buyer obtains control of the asset.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(s) Revenue recognition (Continued)

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

(i) Sales of properties

Revenue from the sales of properties held for sale in the PRC in the ordinary course of business is recognised at point in time when control of completed property is transferred to customer, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable.

Deposits and instalments received on properties sold prior to the date of revenue recognition are included in contract liabilities under contract liabilities in the consolidated statement of financial position.

(ii) Licensing for hotel operations

Revenue from sub-licence rights are recognised over the licence period in accordance with the terms stated in the licence agreements.

(iii) Manufacturing of hygiene products and retail sales

Revenue from manufacturing of hygiene products and retail sales are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(iv) Agency fee from property agency business

Agency fee from property agency business is recognised in the accounting period in which the related services are rendered and there are right to invoice.

(t) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. For properties under development, for which revenue is recognised over time, the Group ceases to capitalise borrowing cost as soon as the properties are ready for the Group's intended sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred.

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(u) Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that parson's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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); and

(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 parent of the Group.

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Impairment of properties under development

Management of the Group determines the properties under development are impaired when there is impairment indicator noted. Impairment losses on properties under development are recognised when the carrying amount of the asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and value in use. The fair values of the properties are estimated by reference to their expected selling prices which are affected by market conditions. The value in use calculation requires the use of estimates such as the future cash flows and discount rates.

As at 31 December 2023, the carrying amount of properties under development is approximately HK$1,623,860,000 (2022: HK$1,592,856,000). No impairment loss of the properties under development has been recognised in respect of the current year (2022: HK$25,253,000).

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Impairment of other tangible and intangible assets other than financial assets

If circumstances indicate that the carrying amount of other tangible and intangible assets may not be recoverable, the assets may be considered impaired, and an impairment loss may be recognised to reduce the carrying amounts to their recoverable amounts. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. The fair value less costs of disposal is estimated by reference to comparable sales evidence and market conditions. For the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant estimates and judgments relating to level of future income and operating costs. Changes in these estimates could have significant impact on the carrying amounts of these assets and could result in additional impairment charge or reversal of impairment, if any, in future periods. Impairment loss on licensing right amounted to HK$1,749,000 was recognised in profit or loss in respect of the current year (2022: HK$3,258,000). No impairment loss on property, plant and equipment was recognised in profit or loss in respect of the current year (2022: HK$Nil).

Impairment of properties held for sale under development and properties held for sale

Management assessed the recoverability of the properties held for sale under development and properties held for sale based on an estimation of the net realisable value of the underlying properties which involves, inter-alia, considerable analysis of current market price of properties of a comparable standard and location. If the actual net realisable value of the underlying properties are less than expected as a result of change in market condition and/or significant variation in the budgeted development costs, material provision for impairment losses may result.

Details of the properties held for sale under development and properties held for sale are disclosed in notes 23 and 24 respectively. Impairment loss of HK$153,169,000 for the properties held for sale under development was recognised in profit or loss of the Group in respect of the current year (2022: HK$Nil). No impairment loss for the properties held for sale recognised for both years.

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Impairment of trade and other receivables

The Group applies the simplified approach to provide for expected credit loss in respect of trade receivables. The provision rates are based on groupings of various debtors that have similar loss patterns and the Group's historical default rates and forward-looking information that is receivable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for expected credit loss individually. The provision for expected credit loss is sensitive to changes in estimates.

The Group uses four categories for other receivables which reflect their credit risk and how the loss provision is determined. These internal credit risk ratings are aligned to external credit ratings, where possible.

The information about the expected credit loss on the Group's trade and other receivables are disclosed in note 50.

Land appreciation tax

The Group's properties in the PRC is subjected to PRC land appreciation tax. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Group have not finalised their land appreciation tax calculations and payments with local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

7. OPERATING SEGMENT INFORMATION

For management purposes, the Group identifies reportable segments, on the basis of the products and services, for internal reports about components of the Group that are regularly reviewed by the chief operation decision makers for the purpose of allocating resources to segments and assessing their performances. There are three reportable operating segments identified as follows:

(a) Property Development Business: Property development and provision of ancillary services including agency and clubhouse operating service;

(b) Hotel Business: Sub-licensing rights to hotel operators and related hotel management activities; and

(c) Other Business: Trading of goods.

7. OPERATING SEGMENT INFORMATION (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment results represent the profit or loss earned before tax before taking into account interest income from bank deposits, unallocated other income, unallocated corporate expenses (including central administration costs and directors' remuneration) and finance costs. This is the measure reported to the chief operation decision makers and the board of directors for the purposes of resource allocation and performance assessment.

	For the year ended 31 December							
	Property Development		Hotel Business		Others		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue								
Revenue from contracts with customers								
— recognised at a point in time	288,447	1,586,691	–	–	7,440	1,897	295,887	1,588,588
— recognised over time	8,502	8,823	631	4,388	–	–	9,133	13,211
Total segment revenue	296,949	1,595,514	631	4,388	7,440	1,897	305,020	1,601,799
Segment (loss)/profit	(204)	572,901	(24,444)	(28,368)	(6,216)	(10,625)	(30,864)	533,908
Reconciliation:								
Bank interest income							504	1,044
Other income							16,662	1,119
Gain on disposal of subsidiaries							–	222,171
Other unallocated expenses							(7,984)	(6,641)
Finance costs							(147,252)	(203,706)
(Loss)/profit before tax							(168,934)	547,895

Note: There were no inter-segment sales for both of the year ended 31 December 2023 and 31 December 2022.

7. OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December							
	Property Development		Hotel Business		Other Business		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Segment assets	**3,168,015**	3,088,539	**197,282**	222,039	**9,321**	3,497	**3,374,618**	3,314,075
Unallocated assets							**13,917**	16,701
Total assets							**3,388,535**	3,330,776
Segment liabilities	**2,822,722**	2,841,628	**88,092**	91,579	**12,180**	1,051	**2,922,994**	2,934,258
Unallocated liabilities							**377,627**	247,572
Total liabilities							**3,300,621**	3,181,830

For the purposes of monitoring segment performance and allocating resources between segments:

(a) all assets are allocated to reportable segments other than certain restricted bank balances, unallocated prepayments, deposits and other receivables and cash and bank balances.

(b) all liabilities are allocated to reportable segments other than unallocated other payables and accruals, amount due to a non-controlling shareholder, amount due to a director, promissory note payable and deferred tax liabilities.

Other segment information

For the year ended 31 December 2023

	Property Development HK$'000	Hotel Business HK$'000	Other Business HK$'000	Unallocated HK$'000	Total HK$'000
Additions to non-current assets	**70,534**	**–**	**13**	**–**	**70,547**
Depreciation and amortisation	**137**	**21,333**	**21**	**372**	**21,863**
Impairment loss of property under development	**153,169**	**–**	**–**	**–**	**153,169**
Impairment loss of licensing rights	**–**	**1,749**	**–**	**–**	**1,749**

7. OPERATING SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2022

	Property Development HK$'000	Hotel Business HK$'000	Other Business HK$'000	Unallocated HK$'000	Total HK$'000
Additions to non-current assets	147,092	–	115	–	147,207
Depreciation and amortisation	354	22,742	14	448	23,558
Impairment of property under development	25,253	–	–	–	25,253
Impairment of licensing rights	–	3,258	–	–	3,258

Note:

Additions to non-current assets excluded those relating to financial instruments.

Geographical information

The Group operates in one main geographical area — the PRC.

	2023 HK$'000	2022 HK$'000
REVENUE		
— PRC	**305,020**	1,601,799

Revenue from customers contributing over 10% of the total revenue of the Group

Revenue from individual customer contributing over 10% of the total revenue of the Group is as follow:

	2023 HK$'000	2022 HK$'000
Customer A *(Note)*	**156,961**	N/A

Note: Customer A contributed 51% of the total revenue of the Group during year ended 31 December 2023.

8. REVENUE

Revenue represents the aggregate of income from sales of properties held for sale, sales of goods, sub-licensing of operating rights, property agency income and trading of food and beverage is analysed as follows:

	2023 HK$'000	2022 HK$'000
Sales of properties held for sale	**288,447**	1,586,691
Sales of food and beverage	**–**	1,897
Sales of goods	**7,440**	–
Licensing income	**631**	4,388
Property agency income	**8,502**	8,823
	305,020	1,601,799

Disaggregated by timing of revenue recognition

	2023 HK$'000	2022 HK$'000
Revenue recognised:		
— Point in time	**295,887**	1,588,588
— Over time	**9,133**	13,211
	305,020	1,601,799

9. OTHER INCOME AND GAINS

	2023 HK$'000	2022 HK$'000
Bank interest income	**504**	1,044
Government subsidies	**–**	120
Rental income	**734**	999
Others	**2,014**	893
Fair value change of financial liabilities	**4,720**	–
Gain of modification of financial liabilities	**87,830**	13,714
	95,802	16,770

10. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interests on		
Loans and borrowings	**150,808**	205,452
Amounts due to a director	**1,284**	1,937
Promissory note payable	**8,036**	10,183
Lease liabilities	**25**	91
	160,153	217,663
Less: Amount capitalised on properties under development	**(12,901)**	(13,957)
	147,252	203,706

The borrowing costs have been capitalised at 11.8% (2022: 10.6%) per annum.

11. DISPOSAL OF SUBSIDIARIES

Disposal of Ceneric Properties Limited

On 5 November 2021, the Company entered into a sale and purchase agreement (the "**Agreement**") with a purchaser, pursuant to which the Company conditionally agreed to sell and the purchaser conditionally agreed to buy the entire issued share capital of a direct wholly-owned subsidiary of the Company (the "**Disposal Company**") together with its subsidiaries (the "**Disposal Group**") (the "**Disposal**") for a consideration of 282,000,000 (the "**Consideration**"). The purchaser whose sole director is Mr. Yang Lijun ("**Mr. Yang**") who indirectly holds the entire issued share capital of the purchaser. Mr. Yang is also a controlling shareholder, an executive director, and a chairman of the board of directors of the Company. Therefore, the purchaser is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction of the Company. The Disposal had been approved by the shareholders of the Company at an extraordinary general meeting ("**EGM**") held on 22 April 2022, and was completed on 20 May 2022.

11. DISPOSAL OF SUBSIDIARIES (Continued)

Disposal of Ceneric Properties Limited (Continued)

The assets and liabilities of disposal group as at the date of disposal were as follow:

	20/05/2022 HK$'000
Fixed assets	1
Investment properties	10,921
Pledged bank balance	1,056
Property held for sales	1,312
Amount due from an immediate holding company	43,132
Accounts receivable	364
Other debtors, deposit paid and prepayment	17
Property under development	67,140
Cash at bank	28,413
Other creditors	(772)
Accrued liabilities	(1,117)
Deferred tax liabilities	(1,561)
	148,906
Non-controlling shareholder	(47,191)
Net assets disposed of	101,715
Gain on disposal of subsidiaries:	
Consideration received	282,000
Waiver of loan due to disposal group	43,132
Payment of professional fees	(1,246)
Net assets disposed of	(101,715)
Gain on disposal of subsidiaries	222,171
Net cash inflow arising on disposal:	
Cash consideration received	282,000
Less: Bank balances and cash disposal of	(28,413)
	253,587

During the year ended 31 December 2022, the Disposal Group contributed revenue approximately of HK$11,525,000 and profit before tax approximately of HK$9,528,000 to the Group. It also contributed net cash outflow approximately of HK$10,068,000 to the Group.

12. (LOSS)/PROFIT BEFORE TAX

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

	2023 HK$'000	2022 HK$'000
Cost of sales		
Cost of properties sold	**178,836**	919,379
Cost of inventories sold	**6,956**	2,297
Amortisation of licensing rights	**923**	1,881
Property agency service charges	**540**	1,975
	187,255	925,532
Depreciation of property, plant and equipment	**18,649**	19,206
Depreciation of right-of-use assets	**399**	563
Loss on disposal of property, plant and equipment	**–**	48
Rental expenses for short-term leases	**643**	1,514
Auditors' remuneration	**1,056**	1,043
Employee benefit expenses (including directors' remuneration)		
— Wages and salaries	**20,411**	23,231
— Retirement benefits scheme contributions	**1,178**	1,771
Exchange losses, net	**6,705**	32,570

13. INCOME TAX EXPENSE

(a)

	2023 HK$'000	2022 HK$'000
Current tax expense		
PRC enterprise income tax		
— Provision for the year	**(5,172)**	(111,076)
PRC Land appreciation tax ("**LAT**")		
— Provision for the year	**(30,793)**	(164,220)
	(35,965)	(275,296)
Deferred tax	**470**	57,535
Income tax expense	**(35,495)**	(217,761)

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group has no assessable profit arising in Hong Kong for both of the years presented.

PRC enterprise income tax is calculated at 25% (2022: 25%) of the profits of the group entities in the PRC.

LAT is levied on properties developed by the Group for sale, at progressive rates from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditure including lease charges of land use rights, borrowing costs and all property development expenditure.

13. INCOME TAX EXPENSE (Continued)

(b) The income tax expense can be reconciled to the (loss)/profit before tax per the consolidated statement of profit or loss as follows:

	2023 HK$'000	2022 HK$'000
(Loss)/Profit before tax	**(168,934)**	547,895
Tax at statutory tax rates applicable in the respective countries (or jurisdictions)	**(33,027)**	134,509
Income not subject to tax	**(30,379)**	(73,996)
Expenses not deductible for tax	**7,009**	42,821
Tax losses not recognised for the year	**61,551**	7,742
Tax effect of temporary differences previously recognised	**(452)**	(57,535)
LAT	**30,793**	164,220
Income tax expense	**35,495**	217,761

14. (LOSS)/PROFIT PER SHARE

The calculation of the basic (loss)/profit per share is based on the (loss)/profit attributable to owners of the Company amounted to HK$192,711,000 (2022: HK$265,177,000), and 7,273,117,404 (2022: 6,946,350,040) ordinary shares in issue during the year.

No diluted (loss)/profit per share for both of the year ended 31 December 2023 and 2022 was presented as there were no potential ordinary shares in issue for both of the years.

15. 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:

	2023 HK$'000	2022 HK$'000
Fees:		
Executive directors	820	720
Non-executive directors	120	210
Independent non-executive directors	360	360
	1,300	1,290
Other emoluments:		
Executive directors:		
Basic salaries and allowances	383	432
Retirement benefits scheme contributions	–	–
Non-executive directors	–	–
Independent non-executive directors	–	–
	383	432
	1,683	1,722

15. DIRECTORS' REMUNERATION (Continued)

The emoluments paid or payable to directors are as follows:

Year ended 31 December 2023

Name of directors	Directors' fees HK$'000	Basic salaries and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors				
YANG Lijun	–	–	–	–
GAO Jingyao	720	383	10	1,113
TAM Ka Wai[1]	100	–	–	100
Non-executive directors				
WONG Kui Shing, Danny[2]	21	–	–	21
WONG Yuk Lun, Alan[3]	99	–	–	99
Independent non-executive directors				
SO Wai Lam	120	–	–	120
SUNG Yat Chun[2]	21	–	–	21
CHAN Hoi Ling	120	–	–	120
CHAN Chu Hoi[3]	99	–	–	99
	1,300	383	10	1,693

Year ended 31 December 2022

Name of directors	Directors' fees HK$'000	Basic salaries and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors				
YANG Lijun	–	–	–	–
GAO Jingyao	720	432	–	1,152
Non-executive directors				
WONG Kui Shing, Danny[2]	210	–	–	210
WONG Yuk Lun, Alan[3]	–	–	–	–
Independent non-executive directors				
SO Wai Lam	120	–	–	120
SUNG Yat Chun[2]	120	–	–	120
CHAN Hoi Ling	120	–	–	120
CHAN Chu Hoi[3]	–	–	–	–
	1,290	432	–	1,722

15. DIRECTORS' REMUNERATION (Continued)

[1] *Mr. TAM Ka Wai appointed as executive director on 3 March 2023.*

[2] *Mr. WONG Kui Shing Danny and Mr. SUNG Yat Chun resigned as non-executive director and independent non-executive director respectively on 3 March 2023.*

[3] *Mr. WONG Yuk Lun and Ms. CHAN Chun Hoi were appointed as non-executive director and independent non-executive director respectively on 3 March 2023.*

There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 December 2023 and 2022. No bonus was paid to directors for the year ended 31 December 2023 and 2022.

There was no payment of discretionary compensation or compensation for loss of office in 2023 (2022: Nil).

16. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2022: one) director, details of whose remuneration are set out in Note 15 above. Details of the remuneration for the year of the remaining four (2022: four) highest paid employees who are neither a director nor a chief executive are as follows:

	2023	2022
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**3,097**	2,111
Retirement benefits scheme contributions	**68**	74
	3,165	2,185

The highest paid employees, neither a director nor a chief executive, whose remuneration fell within the following bands is as follows:

	Number of employees	
	2023	2022
HK$Nil to HK$1,000,000	**3**	3
HK$1,000,001 to HK$2,000,000	**2**	1

17. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year amounted to HK$4,217,000 (2022: profit attributable to owners of the Company: HK$204,355,000) has been dealt with in the financial statements of the Company (Note 39).

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:				
At 1 January 2022	793,156	96,603	1,485	891,244
Additions	–	130	–	130
Disposals	–	(68)	(111)	(179)
Exchange realignment	(16,586)	(3,390)	(36)	(20,012)
At 31 December 2022	776,570	93,275	1,338	871,183
Additions	–	24	198	222
Disposals	–	(35)	–	(35)
Exchange realignment	(5,744)	(3,320)	200	(8,864)
At 31 December 2023	**770,826**	**89,944**	**1,736**	**862,506**
Accumulated depreciation and impairment:				
At 1 January 2022	594,332	96,338	1,079	691,749
Depreciation provided for the year	18,954	192	60	19,206
Eliminated on disposals	–	(7)	(22)	(29)
Exchange realignment	(10,099)	(3,382)	(2)	(13,483)
At 31 December 2022	603,187	93,141	1,115	697,443
Depreciation provided for the year	18,517	55	77	18,649
Eliminated on disposals	–	(5)	–	(5)
Exchange realignment	(3,703)	(3,314)	199	(6,818)
At 31 December 2023	**618,001**	**89,877**	**1,391**	**709,269**
Carrying amount:				
At 31 December 2023	**152,825**	**67**	**345**	**153,237**
At 31 December 2022	173,383	134	223	173,740

18. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(a) *The Group's buildings with the carrying amount of HK$152,825,000 (2022: HK$173,383,000) are pledged to a financial institution to secure the loans granted to the Group (Notes 22 and 33).*

(b) *During the year, the Group carried out a review of the recoverable amount of the hotel buildings together with the related right-of-use assets (note 19) and licencing rights (note 21) (together the "Hotel Operation Cash-generating Unit"). The recoverable amount of the Hotel Operation Cash-generating Unit as at 31 December 2023 was determined based on the fair value of the related hotel property less costs of disposal, by reference to the valuation carried out by Messrs. B.I. Appraisals Limited, an independent qualified professional valuer not connected with the Group, who are the members of The Hong Kong Institute of Surveyors and the value in use calculation.*

Valuation of the hotel property was determined using direct comparison method by reference to comparable sales evidence as available in the relevant market and, where appropriate, on the basis of capitalisation of the net rental (licensing) income with due allowance for the reversionary income potential of the hotel building, with 7.05% yield over the terms approximately 2.4 years and the management's best estimates achievable assuming that the hotel is operated by market participants. Valuation of the licencing rights was determined using the value in use calculation covering the useful life of licencing rights and based on the income generated from the licencing agreement. Discount rate of 19.03% are used and is pre tax and reflects relating to the relevant cash generating units.

The significant inputs used in the valuation of the Group's hotel property are yield, rental/licensing income and average market unit price per square metre. In general, any significant changes in any of those inputs in isolation would result in a significantly change in the valuation amount. Specifically, an increase in the assumption used for rental/licensing income or average market unit price per square metre is accompanied by an increase in the valuation amount of the Group's hotel property. However, an increase in the assumption used for yield is accompanied by a decrease in the valuation amount of the hotel property.

Having performed a review of the recoverable amount of the Hotel Operation Cash-generating Unit on the basis of fair value less costs of disposal of the hotel property, the directors are of the view that no impairment losses for the current year are required to be made in the consolidated financial statements. Impairment loss of HK$1,749,000 in respect of licensing rights was recognised in the profit and loss for the year ended 31 March 2023 (2022: HK$3,258,000).

19. RIGHT-OF-USE ASSETS

	Leased land HK$'000	Leased properties HK$'000	Total HK$'000
Carrying amount at 1 January 2022	47,366	970	48,336
Depreciation provided for the year ended 31 December 2022	(1,907)	(563)	(2,470)
Exchange realignment	(598)	(8)	(606)
Carrying amount at 31 December 2022	44,861	399	45,260
Carrying amount at 1 January 2023	**44,861**	**399**	**45,260**
Depreciation provided for the year ended 31 December 2023	**(1,892)**	**(399)**	**(2,291)**
Exchange realignment	**(200)**	**–**	**(200)**
Carrying amount at 31 December 2023	**42,769**	**–**	**42,769**

The Group's leased land represent the payments for land use rights in the PRC. This leased land with the carrying amount of HK$42,769,000 as at 31 December 2023 (31 December 2022: HK$44,861,000) had been pledged to a financial institution to secure loans (Notes 22 and 33).

As at 31 December 2023, the remaining lease terms of leased land over which depreciation to be taken up are approximately 23 years.

Leased properties represent certain parts of Group's office properties leased under wide range of different terms and conditions. Leases for properties are negotiated for terms ranging from one to two years. None of the leases include contingent rentals.

19. RIGHT-OF-USE ASSETS (Continued)

Expenses have been charged to the consolidated statement of profit or loss in respect of the current year as follows:

	2023 HK$'000	2022 HK$'000
Depreciation of right-of use assets:		
— Leased land	**1,892**	1,907
— Leased properties	**399**	563
	2,291	2,470
Interest on lease liabilities	**25**	91
Rental expense relating to short-term leases	**643**	1,514

The total cash outflow for leases for the year ended 31 December 2023 is HK$1,134,000 (31 December 2022: HK$2,179,000), of which HK$643,000 and HK$491,000 (31 December 2022: HK$1,514,000 and HK$665,000) are included in operating activities and financing activities respectively.

20. PROPERTIES UNDER DEVELOPMENT

	2023 HK$'000	2022 HK$'000
Properties under development, at cost	**1,623,860**	1,592,856

The properties are located in Hengqin and Doumen district, Zhuhai City, the PRC.

21. LICENSING RIGHTS

	2023 HK$'000	2022 HK$'000
Cost		
At 1 January	**91,831**	92,874
Exchange realignment	**(520)**	(1,043)
At 31 December	**91,311**	91,831
Accumulated amortisation and impairment		
At 1 January	**88,671**	84,545
Amortisation charge for the year	**923**	1,882
Impairment losses recognised in profit or loss	**1,749**	3,258
Exchange realignment	**(512)**	(1,014)
At 31 December	**90,831**	88,671
Carrying amount		
At 31 December	**480**	3,160

The licensing rights represent the rights granted to hotel operating rights holders to operate and manage the Group's hotel located in Maoming City, the PRC under hotel operating rights agreements.

As at 31 December 2023, the remaining useful lives of the licensing rights over which amortisation to be taken up are approximately 29 months (2022: 41 months). The useful lives of licensing rights are determined by reference to the tenure of the aforesaid hotel operating rights agreements.

During the year, management of the Group conducted an impairment assessment of the licencing rights as detailed in Note 18(b) and is of the view that an impairment of HK$1,749,000 (2022: HK$3,258,000) is required to be made in respect of the licencing rights for the current year.

22. PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group were pledged to banks and financial institutions to secure general banking and loan facilities granted to subsidiaries of the Group.

	2023 HK$'000	2022 HK$'000
Carrying amount of the assets pledged:		
Buildings *(Notes 18(a) and 33)*	**152,825**	173,383
Right-of-use assets — leasehold land *(Notes 19 and 33)*	**42,769**	44,861
Properties held for sale under development *(Notes 23 and 33)*	**424,054**	284,855
Properties under development *(Notes 20 and 33)*	**593,288**	–
	1,212,936	503,099
Pledged restricted bank balances including:		
Amount pledged to banks to secure bank loans *(Notes 28 and 33)*	**57,343**	140,305
Aggregate carrying amount of assets pledged	**1,270,279**	643,404

In addition, as at 31 December 2023, all the equity interests in a subsidiary beneficially held by the Group and non-controlling shareholders were pledged to secure bank loan facilities granted to the Group (Note 33).

23. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT

Movements of the properties in the PRC held for sale under development are as follows:

	2023 **HK$'000**	2022 HK$'000
At 1 January	**1,047,016**	1,828,965
Development expenditure incurred for the year	**101,253**	246,337
Acquisition of subsidiaries	**226,662**	–
Transferred to cost of sales	**(178,836)**	(917,859)
Interest capitalised *(Note 10)*	**11,694**	12,289
Impairment loss recognised	**(153,169)**	–
Exchange realignment	**(28,018)**	(122,716)
At 31 December	**1,026,602**	1,047,016

Included in properties held for sale under development are certain land parcels located in Chengdu, the PRC with the carrying amount of HK$189,200,000 as at 31 December 2023 (2022: HK$284,855,000) which had been pledged to a financial institution to secure bank loans granted to the Group (Notes 22 and 33).

24. PROPERTIES HELD FOR SALE

	2023 **HK$'000**	2022 HK$'000
Properties held for sale		
— Under development	**1,026,602**	1,047,016

25. INVENTORIES

	2023 **HK$'000**	2022 HK$'000
Goods	**3,433**	–
Food and beverage	**–**	941
	3,433	941

26. TRADE RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables, gross	**85,765**	87,697
Impairment loss recognised	**(84,744)**	(87,467)
	1,021	230

Credit period normally granted to customers of the Group is 30 days.

An aged analysis of the trade receivables after impairment loss recognised, based on invoice date, is as follows:

	2023 HK$'000	2022 HK$'000
Within 1 month	**317**	173
1–3 months	**55**	57
4–12 months	**649**	–
	1,021	230

Movements in impairment loss recognised on trade receivables are as follows:

	2023 HK$'000	2022 HK$'000
At the beginning of the year	**87,467**	94,904
Exchange realignment	**(2,723)**	(7,437)
At the end of the year	**84,744**	87,467

27. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Prepayments and deposits paid	**341,130**	157,565
Other receivables		
— Value added tax recoverable	**50,193**	57,631
	50,193	57,631
	391,323	215,196

28. RESTRICTED BANK BALANCES

	2023 HK$'000	2022 HK$'000
Guarantee deposits for construction of pre-sold properties	**131,912**	235,797

In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, proceeds received by the Group from pre-sale of properties are placed with banks and these deposits with banks are only applied for the payments of property development expenditure incurred for the Group's relevant property projects.

The Group's restricted bank balances of HK$57,343,000 (2022: HK$140,305,000) have been pledged to secure bank loans granted to the Group (Notes 22 and 33).

29. CASH AND CASH EQUIVALENTS

	2023 HK$'000	2022 HK$'000
Cash and bank balances	**13,370**	16,127
Cash and cash equivalents	**13,370**	16,127

As at 31 December 2023, the cash and bank balances of the Group to the extent of HK$9,030,000 (2022: HK$11,807,000) were denominated in RMB. The RMB is not freely convertible into other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, it is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates. The bank balances and restricted bank balances (Note 28) are deposited with creditworthy banks with no recent history of default.

30. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2023 HK$'000	2022 HK$'000
Trade payables for property development expenditure (Note a)	**277,835**	588,701
Value-added tax payable	**117,037**	78,875
Interest payable	**249,542**	161,477
Lease liabilities	**–**	465
Other payables and accruals	**343,058**	136,522
	987,472	966,040
Analysed for reporting purpose:		
— Current liabilities	**519,459**	966,040
— Non-current liabilities	**468,013**	–
	987,472	966,040

Note:

(a) *The following is an aged analysis of trade payables for property development expenditure presented based on the invoice date:*

	2023 HK$'000	2022 HK$'000
Within 1 month	**81,093**	237,562
1–3 months	**196,742**	351,139
	277,835	588,701

31. AMOUNT DUE TO A NON-CONTROLLING SHAREHOLDER

The amount due to a non-controlling shareholder is unsecured, interest free and repayable on demand.

32. AMOUNT DUE TO A DIRECTOR

	2023 HK$'000	2022 HK$'000
Amount due to a director repayable:		
— Within one year	**–**	18,212
— Within a period of more than one year but not exceeding three years	**148,580**	5,750
	148,580	23,962
Analysed for reporting purpose:		
— Current liabilities	**–**	18,212
— Non-current liabilities	**148,580**	5,750
	148,580	23,962

The amount due to a director, Mr. Yang Lijun is unsecured, carries interest at 12%–13% per annum (2022: 13% per annum).

33. LOANS AND BORROWINGS

	2023 HK$'000	2022 HK$'000
Bank loans		
— secured	**573,048**	372,050
Other loans and borrowings		
— secured	**211,220**	226,380
— unsecured	**697,457**	764,193
	908,677	990,573
	1,481,725	1,362,623

	2023 HK$'000	2022 HK$'000
Loans and borrowings repayable:		
Within 1 year	**320,905**	433,369
After 1 year but within 2 years	**–**	929,254
After 2 years but within 5 years	**1,160,820**	–
	1,481,725	1,362,623
Less: Portion repayable within one year included in current liabilities	**(320,905)**	(433,369)
Portion not repayable within one year included in non-current liabilities	**1,160,820**	929,254

	2023 HK$'000	2022 HK$'000
Loans and borrowings chargeable at		
— fixed interest rates	**446,739**	990,573
— variable interest rates	**1,034,986**	372,050
	1,481,725	1,362,623

Bank loans

The bank loans outstanding at 31 December 2023 carried interests at the interest rates ranged from HIBOR plus 3.5% to a fixed rate of 8.8% per annum. The bank loans outstanding at 31 December 2022 carried interests at the interest rates ranged from HIBOR plus 3.5% to a fixed rate of 8.8% per annum.

The bank loans at 31 December 2023 to the extent of HK$157,798,000 (2022: HK$173,062,000) were secured by (i) pledge of all the equity interest in a subsidiary beneficially held by the Group and non-controlling shareholders (ii) guarantees given by a former director of the Company; (iii) guarantees given by a non-controlling shareholder of the subsidiary; and (iv) pledge of the Group's restricted bank balances of HK$57,339,000 (2022: HK$93,621,000) (Note 28).

33. LOANS AND BORROWINGS (Continued)

Bank loans (Continued)

Included in bank loans of HK$256,248,000 as at 31 December 2023 (2022: HK$297,005,000) which repayable within 1 year are contain a repayment on demand clause.

The bank loans at 31 December 2023 to the extent of HK$98,450,000 (2022: HK$123,943,000) were secured by (i) guarantees given by a director of the Company, Mr. Yang Lijun; (ii) guarantees given by a company which is controlled by a brother of a director, Mr. Yang Lijun; (iii) guarantees given by a subsidiary of the Company; (iv) pledge of the Group's properties held for sale under development located in Chengdu, the PRC with the carrying amount of HK$189,200,000 (2022: HK$284,855,000); and (v) pledge of the Group's restricted bank balances of HK$57,343,000 (2022: HK$140,305,000) (Note 28).

The bank loans at 31 December 2023 of HK$72,600,000 (2022: HK$75,045,000) was secured by the Group's leasehold land and buildings located in Maoming City, the PRC with the aggregate carrying amount of HK$195,594,000 (2022: HK$218,244,000) (Notes 18 and 19). On 4 December 2022, an indirect wholly owned subsidiary of the Company failed to repay the loan of HK$75,045,000 which carried interest rate of 7.13% per annum. The financial institution was agreed to extend the repayment to May 2026.

As at 31 December 2023, the newly loan borrowed of HK$244,200,000 was secured by (i) guarantees given by a director of the Company, Mr. Yang Lijun; (ii) pledge of the Group's properties under development and properties held for sale under development located in Zhuhai, the PRC with the aggregate carrying amount of HK$828,142,000.

Other loans and borrowings

Other loans and borrowings carried interests at the interest rates ranged from 9% to 15% per annum. At 31 December 2023, secured loans and borrowings amounted to HK$451,058,000 (2022: HK$476,380,000) and HK$10,881,000 (2022: HK$11,319,000) were secured by guarantees given by Mr. Yang Lijun and Mr. Yu Shunhui, directors of the Company, respectively.

The loans and borrowings with the aggregate carrying amount of HK$304,055,000 (2022: HK$314,217,000 are denominated in currencies other than the functional currencies of the relevant group entities.

34. CONTRACT LIABILITIES

	2023 **HK$'000**	2022 HK$'000
Advance payments received for sales of properties	**178,623**	386,981

The Group received payments from customers based on billing schedules as stipulated in the property sale contracts. Payments are usually received in advance of the performance under the sale contracts.

34. CONTRACT LIABILITIES (Continued)

	2023 HK$'000	2022 HK$'000
Balance as at 1 January	**386,981**	1,974,806
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 year	**(288,446)**	(1,576,667)
Increase in contract liabilities as a result of receipts in advance	**96,263**	124,258
Exchange realignment	**(16,175)**	(135,416)
Balance as at 31 December	**178,623**	386,981

35. PROMISSORY NOTE PAYABLE

	2023 HK$'000	2022 HK$'000
Promissory note payable:		
— Within one year	**–**	108,236
— Within a period of more than one year but not exceeding eight years	**133,182**	–
	133,182	108,236

36. LEASE LIABILITIES

	2023 HK$'000	2022 HK$'000
Lease liabilities payable:		
Within one year	**–**	465
Within a period of more than one year but not more than two years	**–**	–
	–	465
Less: Amount due for settlement within twelve months included in current liabilities *(Note 30)*	**–**	(465)
Amount due for settlement after twelve months shown under non-current liabilities	**–**	–

37. DEFERRED TAX LIABILITIES

	2023 HK$'000	2022 HK$'000
Deferred tax liabilities, net recognised	**87,045**	87,516

37. DEFERRED TAX LIABILITIES (Continued)

Movements in deferred tax (liabilities)/assets were as follows:

	Deferred tax (liabilities)/assets attributable to			
	Fair value adjustment to properties under development and held for sale on business combination	**Accelerated tax depreciation**	**Sale of properties recognised over time**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2022	(132,962)	(9,828)	(2,449)	(145,239)
Credited to profit or loss *(Note 13(a))*	54,875	399	2,261	57,535
Exchange realignment	–	–	188	188
At 31 December 2022 and 1 January 2023	**(78,087)**	**(9,429)**	**–**	**(87,516)**
Credited to profit or loss *(Note 13(a))*	**71**	**399**	**–**	**470**
Exchange realignment	**1**	**–**	**–**	**1**
At 31 December 2023	**(78,015)**	**(9,030)**	**–**	**(87,045)**

As at 31 December 2023, the Group has tax losses arising in Hong Kong of HK$49,870,000 (2022: HK$49,870,000) that are available indefinitely for offsetting against future taxable profits of the relevant Group's relevant subsidiaries in which the losses arose. The Group also had tax losses arising in the PRC of HK$100,532,000 at 31 December 2022 (2022: HK$85,581,000) that will expire in one to five years for offsetting against future taxable profits. No deferred tax asset has been recognised in respect of these tax losses, due to the unpredictability of future profit streams.

38. SHARE CAPITAL

	2023	2022
	HK$'000	HK$'000
Authorised:		
100,000,000,000 (2022: 100,000,000,000) ordinary shares of HK$0.01 each	**1,000,000**	1,000,000
Issued and fully paid:		
7,687,158,040 (2022: 6,946,350,040) ordinary shares of HK$0.01 each	**76,872**	69,464

During the year ended 31 March 2023, the Group issued 740,808,000 shares at share price of HK$0.2 as consideration of acquisition of assets through a subsidiary (Note 41).

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**188,627**	4,645
	188,627	4,645
CURRENT ASSETS		
Prepayments, deposits and other receivables	**504**	–
Amounts due from subsidiaries	**529,560**	528,133
Cash and cash equivalents	**3,586**	3,701
	533,650	531,834
CURRENT LIABILITIES		
Other payables and accruals	**5,831**	26,228
Amounts due to subsidiaries	**53,598**	25,044
Promissory note payable	**–**	108,236
	59,429	159,508
NET CURRENT ASSETS	**474,221**	372,326
TOTAL ASSETS LESS CURRENT LIABILITIES	**662,848**	376,971
NON-CURRENT LIABILITIES		
Amount due to a director	**14,500**	5,750
Promissory note payable	**133,182**	–
TOTAL NON-CURRENT LIABILITIES	**147,682**	5,750
NET ASSETS	**515,166**	371,221
EQUITY		
Share capital	**76,872**	69,464
Reserves *(Note)*	**438,294**	301,757
TOTAL EQUITY	**515,166**	371,221

The statement of financial position of the Company was approved and authorised for issue by the board of directors on 3 April 2024 and is signed on its behalf by:

Yang Lijun	**Gao Jingyao**
Director	*Director*

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: Movements of the reserves of the Company are as follows:

	Share premium account	Capital reduction reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2022	778,892	191,925	(975,131)	(4,314)
Disposal of subsidiaries	–	–	101,716	101,716
Profit and total comprehensive income for the year	–	–	204,355	204,355
At 31 December 2022	**778,892**	**191,925**	**(669,060)**	**301,757**
Issue new shares	**140,754**	**–**	**–**	**140,754**
Loss and total comprehensive loss for the year	**–**	**–**	**(4,217)**	**(4,217)**
At 31 December 2023	**919,646**	**191,925**	**(673,277)**	**438,294**

40. OTHER CASH FLOW INFORMATION

(a) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payable (included in trade payables, other payables and accruals) HK$'000	Lease liabilities HK$'000	Loans and borrowings HK$'000	Promissory note payable HK$'000	Amount due to a director HK$'000	Total HK$'000
At 1 January 2022	92,355	1,049	1,734,156	107,827	40,747	1,976,134
Financing cash inflows	–	–	10,514	–	26,557	37,071
Financing cash outflows	(143,350)	(665)	(303,537)	–	(43,517)	(491,069)
Finance costs *(Note 10)*	207,389	91	–	10,183	–	217,663
Interest payable on promissory note reclassified	9,774	–	–	(9,774)	–	–
Exchange realignment	(4,691)	(10)	(78,509)	–	5	(83,205)
At 31 December 2022	161,477	465	1,362,624	108,236	23,792	1,656,594
At 1 January 2023	**161,477**	**465**	**1,362,624**	**108,236**	**23,792**	**1,656,594**
Financing cash inflows	**–**	**–**	**259,122**	**–**	**125,481**	**384,603**
Financing cash outflows	**(57,811)**	**(490)**	**(32,865)**	**–**	**–**	**(91,166)**
Finance costs *(Note 10)*	**152,092**	**25**	**–**	**8,036**	**–**	**160,153**
Interest payable on promissory note reclassified	**7,365**	**–**	**–**	**(7,365)**	**–**	**–**
Fair value of financial liabilities	**–**	**–**	**–**	**(4,720)**	**–**	**(4,720)**
Modification	**(11,208)**	**–**	**(76,622)**	**–**	**–**	**(87,830)**
Exchange realignment	**(2,373)**	**–**	**(30,534)**	**28,995**	**(858)**	**(4,770)**
At 31 December 2023	**249,542**	**–**	**1,481,725**	**133,182**	**148,415**	**2,012,864**

41. ACQUISITION OF A SUBSIDIARY

On 15 June 2023, a direct wholly-owned subsidiary of the Company (the "**Purchaser**") entered into an agreement with a vendor (the "**Vendor**"), pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire issued share capital of China Cultural Tourism Group Limited at a consideration of approximately RMB169.3 million (equivalent to approximately HK$188.6 million) (the "**Acquisition**") which is to be settled by (i) the issue and allotment of 740,808,000 consideration shares at a price of HK$0.2 per consideration share (equivalent to approximately RMB133.0 million), and (ii) payment of cash in the amount of approximately RMB36.3 million. The Acquisition was completed on 24 July 2023.

41. ACQUISITION OF A SUBSIDIARY (Continued)

	HK$'000
Assets	
Property under development — non current portion	69,685
Property under development — current portion	265,665
Prepayment, deposits and other receivable	48,492
Cash and bank balances	689
Liabilities	
Trade payables, other payables and accruals	(196,758)
Total identifiable net assets acquired	187,773

Net cash outflow in respect of the acquisition of China Cultural Tourism Group Limited is as follows:

	HK$'000
Consideration paid in cash	(39,611)
Cash and bank balances acquired	689
Net cash outflow	(38,922)

42. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 December 2023 (2022: Nil).

43. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases out part of its property in Maoming City, the PRC under a non-cancellable operating lease agreement, with lease terms three years. The lease agreement requires the tenant to pay security deposit of the lease.

At 31 December 2023, the Group had total future minimum lease receivables falling due as follows:

	2023 **HK$'000**	2022 HK$'000
Within one year	**556**	263
In the second to fifth years, inclusive	**756**	–
	1,312	263

44. CONTINGENT LIABILITIES

As at 31 December 2023, the Group had contingent liabilities amounting to HK$301,082,000 (2022: HK$361,076,000) in respect of the buy-back guarantee in favour of banks to secure mortgage loan facilities granted to the purchasers of the Group's properties.

45. PROJECT COMMITMENTS

As at 31 December 2023, the Group had outstanding commitments for property development expenditure and acquisition of land for development contracted but not provided for amounted to approximately HK$221,041,000 (2022: HK$223,485,000).

46. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances with related parties disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions with related parties:

Remuneration to key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly, including directors and supervisors of the Group. The compensation of key management personnel is as follows:

	2023 **HK$'000**	2022 HK$'000
Short-term employee benefits	**2,704**	2,193
Post-employment benefits	**30**	21
	2,734	2,214

47. SHARE OPTION SCHEME

A share option scheme was adopted pursuant to an ordinary resolution passed by the shareholders of the Company on 8 June 2011 (the "2011 Share Option Scheme"). The 2011 Share Option Scheme has been terminated upon adoption of a new share option scheme by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 28 May 2021 ("New Share Option Scheme"). Upon termination of the 2011 Share Option Scheme, no further options of the 2011 Share Option Scheme shall be offered thereunder.

The purpose of the New Share Option Scheme is to provide incentives or rewards to the participants for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any invested entity of the Group.

The total number of shares which may be issued upon exercise of all options which may be granted under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of shares in issue on 28 May 2021 (the "Adoption Date") (the "Scheme Mandate Limit") unless the Company obtains a fresh approval from the shareholders in general meeting.

47. SHARE OPTION SCHEME (Continued)

With the approval of the shareholders in general meeting to refresh the Scheme Mandate Limit, the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the refreshment by the shareholders.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time. Under the Scheme, the Directors have discretion to set a minimum period for which an option has to be held before the exercise of the subscription rights attaching thereto.

The Board may grant options to any participant if the total number of shares issued and to be issued upon exercise of all options granted and to be granted in excess of 1% of the shares in issue in any 12-month period subject to the approval of shareholders in general meeting (with the proposed participant and his associates abstaining from voting).

According to the new share option plan, the Board has the absolute discretion to determine a period not exceeding ten (10) years within which an option to be held by a participant before exercise, subject to the requirements of the New Share Option Scheme. During the year ended 31 December 2022 and as of the date of approval of these consolidated financial statements, no options were granted, exercised, forfeited, cancelled or lapsed nor were there any option outstanding under the Scheme.

The exercise price will be determined by the Board at its absolute discretion. The minimum exercise price shall not be less than the highest of: (A) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (B) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (C) the nominal value of a share on the date of grant. A participant shall pay HK$1.00 to the Company by way of consideration for the grant.

The New Share Option Scheme became effective on the Adoption Date, subject to earlier termination at any time decided by the Board and approval of shareholders by ordinary resolution in a general meeting. The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further options will be granted. As of the date of this report, the remaining life of the Scheme is approximately 7 years.

Up to the date of this report, there is no options granted under the New Share Option Scheme.

As at the date of this report, the total number of shares available for issue under the New Share Option Scheme may not exceed 694,635,004 shares, which represents 10% of the shares in issue of the Company at the Adoption Date.

48. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2023 and 31 December 2022 are as follows:

Name of company	Place of incorporation/ registration and principal country of operation	Type of legal entity	Issued and paid-up capital	Percentage of equity attributable to the Company 2023	2022	Class of shares held	Principal activities
Born King Investment Holdings Limited 保皇投資控股有限公司	British Virgin Islands/PRC	Limited liabilities company	US$1	100	100	Ordinary	Hotel business
Box Sister Group Limited 盒姐集團有限公司	Hong Kong/PRC	Limited liabilities company	HK$10,000	100	100	Ordinary	Investment holding
Box Sister Trading Limited 盒姐貿易有限公司	Hong Kong/PRC	Limited liabilities company	HK$10,000	100	—	Ordinary	Investment holding
Brilliant Wonder Global Limited 卓妙環球有限公司	British Virgin Islands/PRC	Limited liabilities company	US$1	100	100	Ordinary	Investment holding
Ceneric Financial Services Limited 新嶺域財務有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK$86,054,000	100	100	Ordinary	Investment holding
Ceneric Capital Limited 新嶺域資金有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK$300,000	100	100	Ordinary	Investment holding
Ceneric Consultant Limited 新嶺域顧問有限公司	British Virgin Islands/PRC	Limited liabilities company	US$1	100	100	Ordinary	Investment holding
Ceneric Corporate Limited 新嶺域企業有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK$50,000	100	100	Ordinary	Investment holding
Ceneric Hotel International Limited	Cayman Islands/Hong Kong	Limited liabilities company	HK$200	100	100	Ordinary	Investment holding
Ceneric Hotel Investments Limited	Cayman Islands/Hong Kong	Limited liabilities company	HK$200	100	100	Ordinary	Investment holding
China Ready Meals Group Limited 中國預製菜集團有限公司	British Virgin Islands/PRC	Limited liabilities company	US$1	100	100	Ordinary	Investment holding
China TFG Group Limited 中國富元集團有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK$10,000	100	100	Ordinary	Investment holding
Eastern Premium Limited 東溢有限公司	British Virgin Islands/Hong Kong	Limited liabilities company	US$1	100	100	Ordinary	Investment holding
Ever Point Enterprises Limited 永邦企業有限公司	British Virgin Islands/PRC	Limited liabilities company	US$1	100	100	Ordinary	Investment holding
Eway International Investment Limited 億偉國際投資有限公司	British Virgin Islands/PRC	Limited liabilities company	US$50,000	100	100	Ordinary	Investment holding
Fast Progress Corporation Limited 迅達興業有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK$1	100	100	Ordinary	Investment holding
First Max International Limited	British Virgin Islands/PRC	Limited liabilities company	US$3	100	100	Ordinary	Investment holding
Good Able Investment Limited 佳祥投資有限公司	Hong Kong/PRC	Limited liabilities company	HK$250,099,325	100	100	Ordinary	Hotel business

48. PRINCIPAL SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ registration and principal country of operation	Type of legal entity	Issued and paid-up capital	Percentage of equity attributable to the Company 2023	2022	Class of shares held	Principal activities
Hengqin Germany City Investment (Macau) Limited 橫琴德國城投資（澳門）有限公司	Macau/PRC	Limited liabilities company	MOP1,000,000	**70**	70	Registered capital	Investment holding
Ling Bong Fu Shun Limited 寧邦富純有限公司	Hong Kong/PRC	Limited liabilities company	HK$10,000	**100**	100	Ordinary	Investment holding
Mega Vast Development Limited 萬鵬發展有限公司	Hong Kong/PRC	Limited liabilities company	HK$1	**100**	100	Ordinary	Investment holding
More Earn HK Development Limited 萬盈香港發展有限公司	Hong Kong/PRC	Limited liabilities company	HK$10,000	**100**	100	Ordinary	Investment holding
New Stage Holdings Limited	British Virgin Islands/PRC	Limited liabilities company	US$1	**100**	100	Ordinary	Investment holding
Oriental Surge Limited 東濤有限公司	British Virgin Islands/Hong Kong	Limited liabilities company	US$1	**100**	100	Ordinary	Investment holding
Pure Proficient Limited 純通有限公司	British Virgin Islands/Hong Kong	Limited liabilities company	US$1	**100**	100	Ordinary	Investment holding
Quick Ridge Limited 迅嶺有限公司	British Virgin Islands/Hong Kong	Limited liabilities company	US$1	**100**	100	Ordinary	Investment holding
Rich Source Property Holdings Limited 富源地產控股有限公司	British Virgin Islands/PRC	Limited liabilities company	US$100,000	**100**	100	Ordinary	Investment holding
TFG Health Limited 富元健康有限公司	Hong Kong/PRC	Limited liabilities company	HK$10,000	**100**	100	Ordinary	Investment holding
TFG International Hong Kong Limited 富元國際香港有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK$1	**100**	100	Ordinary	Investment holding
Total Nation Investments Limited 國邦投資有限公司	British Virgin Islands/PRC	Limited liabilities company	US$1	**100**	100	Ordinary	Investment holding
Vista International Hotels Limited 景星國際酒店管理有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK$10	**100**	100	Ordinary	Investment holding
			HK$300,000	**100**	100	Non-voting deferred	
World China Investment Limited 漢世投資有限公司	Hong Kong/PRC	Limited liabilities company	HK$1	**100**	100	Ordinary	Investment holding
Worth Fame Limited 貴譽有限公司	British Virgin Islands/Hong Kong	Limited liabilities company	US$1	**100**	100	Ordinary	Investment holding
茂名市華盈酒店物業管理有限公司	PRC/PRC	Wholly foreign owned enterprise	HK$10,000,000	**100**	100	Registered capital	Hotel business
中山富杰投資有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB10,000,000	**100**	100	Registered capital	Property development
中山富浩投資有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB10,000,000	**100**	100	Registered capital	Investment holding

48. PRINCIPAL SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ registration and principal country of operation	Type of legal entity	Issued and paid-up capital	Percentage of equity attributable to the Company 2023	2022	Class of shares held	Principal activities
中山卓妙房地產顧問有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB10,000,000	**100**	100	Registered capital	Agency service
中山市富展房地產顧問有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB10,000,000	**100**	100	Registered capital	Property development
珠海橫琴富昌盛實業發展有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB500,000,000	**70**	70	Registered capital	Property development
成都市富浩房地產開發有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB10,000,000	**100**	100	Registered capital	Property development
珠海市富元商業發展有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB250,000,000	**100**	100	Registered capital	Property development
中山市富展信息咨詢有限公司	PRC/PRC	Limited liabilities company	RMB1,000,000	**51**	51	Registered capital	Investment holding
中山市富德信息咨詢有限公司	PRC/PRC	Limited liabilities company	RMB10,000,000	**75**	75	Registered capital	Agency service
富元智慧停車（上海）有限公司	PRC/PRC	Limited liabilities company	RMB10,000,000	**51**	51	Registered capital	Agency service
廣東順拓科技有限公司	PRC/PRC	Limited liabilities company	RMB10,000,000	**51**	51	Registered capital	Agency service
深圳市盒姐企業管理有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB50,000,000	**100**	100	Registered capital	Investment holding
深圳市盒姐網絡科技有限公司	PRC/PRC	Limited liabilities company	RMB5,000,000	**100**	100	Registered capital	Retail
深圳市盒姐餐飲管理有限公司	PRC/PRC	Limited liabilities company	RMB5,000,000	**100**	100	Registered capital	Retail
中山市盒姐餐飲管理有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB5,000,000	**100**	100	Registered capital	Retail
深圳市盒姐食品供應鏈有限公司	PRC/PRC	Limited liabilities company	RMB5,000,000	**100**	100	Registered capital	Retail
上海盒姐餐飲管理有限公司	PRC/PRC	Limited liabilities company	RMB5,000,000	**100**	100	Registered capital	Retail
中山市盒姐日昇科技有限公司	PRC/PRC	Limited liabilities company	RMB200,000	**60**	—	Registered capital	Retail

The above table lists the subsidiaries of the Company as at 31 December 2023 which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities as at the end of the year.

48. PRINCIPAL SUBSIDIARIES (Continued)

Non-wholly owned subsidiaries that have material non-controlling interests

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2023	2022
Percentage of equity interest held by non-controlling interests:		
Bright Profit Investments Limited	–	45%
Jubilation Properties Limited	–	45%
Zhongshan Morning Star Plaza Housing and Real Estate Development Limited	–	45%
Zhongshan Morning Star Villa Housing and Real Estate Development Limited	–	45%
Zhongshan Morning Star Villa Club Co., Ltd.	–	45%
Hengqin Germany City Investment (Macau) Limited	**30%**	30%
珠海橫琴富昌盛實業發展有限公司*	**30%**	30%

* *珠海橫琴富昌盛實業發展有限公司 is a wholly-owned subsidiary of Hengqin Germany City Investment (Macau) Limited.*

	2023 HK$'000	2022 HK$'000
Profit/(loss) for the year allocated to non-controlling interests:		
Zhongshan Morning Star Plaza Housing and Real Estate Development Limited	–	(32)
Zhongshan Morning Star Villa Housing and Real Estate Development Limited	–	4,387
Zhongshan Morning Star Villa Club Co., Ltd.	–	(67)
Hengqin Germany City Investment (Macau) Limited and its subsidiary	**(11,434)**	61,008
Subsidiaries have immaterial non-controlling interests	**(284)**	(339)
	(11,718)	64,957
Accumulated balances of non-controlling interests at the reporting dates:		
Hengqin Germany City Investment (Macau) Limited and its subsidiary	**33,239**	47,546
Subsidiaries have immaterial non-controlling interests	**(1,401)**	(1,237)
	31,838	46,309

48. PRINCIPAL SUBSIDIARIES (Continued)

Non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	2023 HK$'000	2022 HK$'000
Zhongshan Morning Star Plaza Housing and Real Estate Development Limited		
Total revenue	–	296
Total expenses	–	(368)
Loss/(profit) for the year	–	(72)
Total comprehensive (loss)/income for the year	–	(806)
Current assets	–	–
Non-current assets	–	–
Current liabilities	–	–
Non-current liabilities	–	–
Zhongshan Morning Star Villa Housing and Real Estate Development Limited		
Total revenue	–	11,532
Total expenses	–	(1,783)
Profit/(loss) for the year	–	9,749
Total comprehensive income/(loss) for the year	–	9,004
Current assets	–	–
Non-current assets	–	–
Current liabilities	–	–
Non-current liabilities	–	–
Zhongshan Morning Star Villa Club Co., Ltd.		
Total revenue	–	199
Total expenses	–	(348)
Loss for the year	–	(149)
Total comprehensive loss for the year	–	(149)
Current assets	–	–
Non-current assets	–	–
Current liabilities	–	–
Non-current liabilities	–	–

48. PRINCIPAL SUBSIDIARIES (Continued)

Non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	2023 HK$'000	2022 HK$'000
Hengqin Germany City Investment (Macau) Limited and its subsidiary		
Total revenue	**25,856**	789,706
Total expenses	**(63,971)**	(586,345)
(Loss)/profit for the year	**(38,115)**	203,361
Total comprehensive (loss)/income for the year	**(40,988)**	259,953
Current assets	**389,072**	427,306
Non-current assets	**797,743**	816,933
Current liabilities	**(1,051,231)**	(1,061,188)
Non-current liabilities	**(61,442)**	(64,217)
Net cash flows used in operating activities	**(2,881)**	(44,445)
Net cash flows used in investing activities	**(36,550)**	(48,011)
Net cash flows generated from/(used in) financing activities	**3,180**	(43,248)
Net decrease in cash and cash equivalents	**(36,251)**	(135,704)

49. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets and financial liabilities of the Group can be categorised as follows:

	Financial assets at amortised cost HK$'000
Financial assets	
31 December 2023	
Trade receivables	**1,021**
Other receivables	**329,932**
Restricted bank balance	**131,912**
Cash and cash equivalents	**13,370**
	476,235

Financial assets	
31 December 2022	
Trade receivables	230
Other receivables	206,808
Restricted bank balance	235,797
Cash and cash equivalents	16,127
	458,962

49. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	Financial liabilities at amortised cost HK$'000
Financial liabilities	
31 December 2023	
Trade payables, other payables and accruals	**755,025**
Amount due to a non-controlling shareholder	**2,206**
Amount due to a director	**148,580**
Promissory note payable	**133,182**
Loans and borrowings	**1,481,725**
	2,520,718
Financial liabilities	
31 December 2022	
Trade payables, other payables and accruals	886,700
Amount due to a director	23,962
Promissory note payable	108,236
Loans and borrowings	1,362,623
Lease liabilities	465
	2,381,986

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments include trade and other receivables, restricted bank balances, cash and cash equivalents, trade payables, other payables and accruals, amount due to a non-controlling shareholder, amount due to a director, promissory note payable, lease liabilities and loans and borrowings.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, price risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's interest rate risk arises primarily from portions of the Group's bank deposits and loans and borrowings which are carried at floating interest rates.

The Group does not use financial derivatives to hedge against the interest rate risk. However, the interest rate profile of the Group's net borrowings (being loans and borrowings less bank deposits) is closely monitored by management.

At 31 December 2023, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would increase/decrease the Group's (loss)/profit before tax and equity by approximately HK$8,324 (2022: HK$37,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the non-derivative financial liabilities in existence at that date. The 1% increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2022.

Foreign currency risk

The Group has certain foreign currency monetary assets and liabilities and was exposed to foreign exchange risk rising from various kinds of currency exposures, mainly comprising United States Dollars ("USD") and Hong Kong dollars ("HK$"). The Group monitors foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.

The sensitivity analysis below has been determined based on the exposure to foreign currency rates and includes only foreign currency denominated monetary items and adjusted their transaction at the year end for a 5% fluctuation in foreign currency rates. As at 31 December 2023, if 5% (2022: 5%) weakening/strengthening of RMB against USD and HK$, the Group's (loss)/profit before tax would decrease/increase by approximately RMB21,043,000, equivalent to HK$25,009,000 (2022: decrease/increase by approximately RMB27,120,000, equivalent to HK$32,232,000).

Price risk

The Group is not exposed to equity security price risk as no equity securities were held by the Group at the end of the reporting period.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group is exposed to credit risk and the Group's maximum exposure to credit risk in relation to financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, having considered available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor/customer;
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in the operating results of the customer.

(i) TRADE RECEIVABLES

The credit quality of the debtors is assessed based on their financial position, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors.

The allowance on trade receivables is analysed as follows:

	2023 **HK$'000**	2022 HK$'000
Total allowance made for trade receivables — based on expected credit losses methodology *(note a)*	**84,744**	87,467

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

(i) TRADE RECEIVABLES (Continued)

Notes:

(a) *The Group applies the simplified approach to provide for expected credit losses for trade receivables prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.*

As at 31 December 2023, the loss allowance for trade receivables was determined as follows:

31 December 2023

	Receivables aged (based on invoice date)				
	0–30 days	31–90 days	91–360 days	more than 360 days	Total
Expected loss rate	1%	2%	2%	100%	
Gross carrying amount (HK$'000)	316	55	539	84,854	85,764
Loss allowance (HK$'000)	–	–	–	84,744	84,744

31 December 2022

	Receivables aged (based on invoice date)				
	0–30 days	31–90 days	91–360 days	more than 360 days	Total
Expected loss rate	1%	2%	2%	100%	
Gross carrying amount (HK$'000)	173	57	–	87,467	87,697
Loss allowance (HK$'000)	–	–	–	87,467	87,467

The above expected credit losses also incorporated forward looking information.

As at 31 December 2023, the Group had a concentration of credit risk given that the top 2 customers account for 99% (2022: 99%) of the Group's total year end gross trade receivables and allowance for trade receivables amounted to HK$84,744,000 (2022: HK$87,467,000), representing approximately 99% (2022: 99%) of the gross trade receivables was made.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

(ii) OTHER RECEIVABLES

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group's definition of categories	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 60 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. For other receivables, management made periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. In calculating the expected credit loss rates, the Group considers historical loss rates for the other receivables and adjusts for forward looking macroeconomic data.

As at 31 December 2023 and 2022, the internal credit rating of other receivables is performing. The Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method. Thus no loss allowance on other receivables was recognised.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

(iii) CASH AT BANK AND BANK DEPOSITS

The table below shows the details of bank deposit balances maintained at the end of the reporting period:

	Rating	2023 HK$'000	2022 HK$'000
Restricted bank deposits		**131,912**	235,797
Bank balances		**13,370**	16,127
Total bank deposits	Baa3–Aa2	**145,282**	251,924

The rating represents long-term credit rating provided by Moody's, an internationally recognised credit rating agency. A rating within the "A" category is judged to be upper-medium grade and are subject to low credit risk under the rating regime of Moody's. Given that significant portion of the bank deposits are placed with banks that are independently rated with high credit rating with no default history in past years, management of the Group considers that the credit risk on the bank balances and bank deposits is limited.

50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

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

The maturity profile of financial liabilities of the Group as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2023				
	On demand HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities					
Trade payables, other payables and accruals	287,012	–	468,013	755,025	755,025
Amount due to a non-controlling shareholder	2,206	–	–	2,206	2,206
Amount due to a director	–	–	202,069	202,069	148,580
Promissory note payable	–	–	162,771	162,771	133,182
Loans and borrowings	158,238	162,667	1,443,968	1,764,873	1,481,725
	447,456	162,667	2,276,821	2,886,944	2,520,718

	2022				
	On demand HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Non-derivative financial liabilities					
Trade payables, other payables and accruals	886,700	–	–	886,700	886,700
Amount due to a director	–	18,212	5,750	23,962	23,962
Promissory note payable	–	137,922	–	137,922	108,236
Loans and borrowings	75,045	358,324	1,145,943	1,579,312	1,362,623
Lease liabilities	–	465	–	465	465
	961,745	514,923	1,151,693	2,628,361	2,381,986

51. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the consolidated financial statements approximate their fair values.

The fair values, which are included in Level 3 categories, have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflect the credit risk of counterparties.

(b) Reconciliation of Level 3 fair value measurement

Reconciliation of Level 3 fair value measurement is not presented as the Group had no financial assets or financial liabilities that are measured at fair value at end of the reporting period.

52. CAPITAL RISK MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, raise new debts or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 31 December 2021.

53. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2023, nor had any dividend been proposed since the end of the reporting period (2022: Nil).

54. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements on pages 69 to 145 were approved and authorised for issue by the board of directors on 3 April 2024.

Schedule of Major Properties

As at 31 December 2023

PROPERTIES HELD FOR SALE UNDER DEVELOPMENT/UNDER DEVELOPMENT

Name/location	Use	Site area (sq.m.)	Expected completion dates *(ii)*	GFA for sale (sq.m.) *(ii)*	Other GFA (sq.m.) *(iii)*	Completed GFA for sale (sq.m.)	Completed Other GFA (sq.m.)	Ownership interest (%) *(iv)*
German City Hengqin New District Zhuhai City Guangdong Province PRC	Research/Development	60,340	4th quarter of 2023	49,999	95,177	–	–	70
Fuyuan Junting Ande Zhen Pidu District Chengdu City Sichuan Province PRC	Residential/Commercial	56,707	Phase 1: 2nd quarter of 2022; Phase 2: 2023	85,102	35,398	–	–	100
Fuyuan Square Jianfeng Nanzhufeng Da Dao Dong Ce Jingan Zhen Doumen District Zhuhai City Guangdong PRC	Commercial	48,653	2024	61,654	135,737	–	–	100

(i) *the Group has the relevant land use rights certificates, but has not obtained the requisite construction approval from relevant governmental authorities.*

(ii) *"GFA for sale" and "Expected completion dates" are derived from the Group's internal records and estimates.*

(iii) *"Other GFA" mainly comprises areas not held for sale.*

(iv) *"Ownership interest" is based on the Group's effective ownership interest in the respective project companies.*

Five-Year Financial Summary

The following summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out below:

RESULTS

	Year ended 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**305,020**	1,601,799	7,774	22,360	34,466
(LOSS)/PROFIT BEFORE TAX	**(168,934)**	547,895	(341,102)	(216,593)	(233,773)
INCOME TAX (EXPENSE)/CREDIT	**(35,495)**	(217,761)	(404)	(162)	12,434
(LOSS)/PROFIT FOR THE YEAR	**(204,429)**	330,134	(341,506)	(216,755)	(221,339)
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	**(192,711)**	265,177	(326,264)	(217,714)	(202,376)
NON-CONTROLLING INTERESTS	**(11,718)**	64,957	(15,242)	959	(18,963)
	(204,429)	330,134	(341,506)	(216,755)	(221,339)

Five-Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
NON-CURRENT ASSETS	**1,820,346**	1,815,016	1,805,961	1,851,243	862,032
CURRENT ASSETS	**1,568,189**	1,515,760	2,610,045	2,159,710	914,024
ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	**–**	–	175,007	–	–
CURRENT LIABILITIES	**(1,302,981)**	(2,159,310)	(3,420,643)	(2,101,821)	(788,194)
NON-CURRENT LIABILITIES	**(1,997,640)**	(1,022,520)	(1,243,231)	(1,701,665)	(593,544)
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE	**–**	–	(50,340)	–	–
NET ASSETS/(LIABILITIES)	**87,914**	148,946	(123,201)	207,467	394,318
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	**56,076**	102,637	(163,569)	152,739	342,423
NON-CONTROLLING INTERESTS	**31,838**	46,309	40,368	54,728	51,895
TOTAL EQUITY	**87,914**	148,946	(123,201)	207,467	394,318