



Great Wall Terroir
長城天下

Great Wall Terroir Holdings Limited 長城天下控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 524)

2024 Annual Report





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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Cheung Siu Fai (*Chairman and Acting Chief Executive Officer*)
Hui Chun Wai Henry

INDEPENDENT NON-EXECUTIVE DIRECTORS

Fong Wai Ho
Chow Hiu Tung
Dong Jianmei
(*appointed with effect from 21 November 2024*)

COMPANY SECRETARY

Li Chi Pong

AUDITOR

Confucius International CPA Limited
Certified Public Accountants

LEGAL ADVISERS

Conyers Dill & Pearman (as to Bermuda laws)
Loeb & Loeb LLP (as to Hong Kong laws)

PRINCIPAL BANKERS

The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1903, 19/F.
Lee Garden Three
1 Sunning Road
Causeway Bay
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 524

WEBSITE

www.gwt.hk

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179
Hamilton HM EX
Bermuda

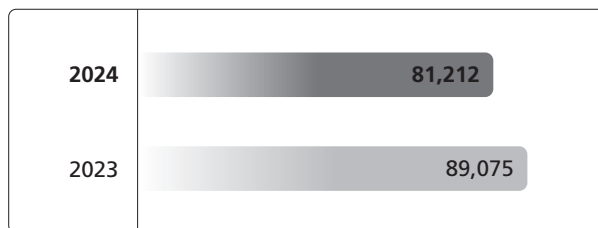
BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

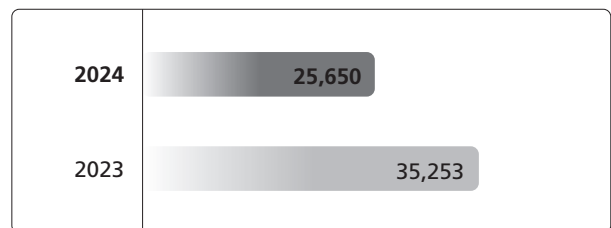
FINANCIAL HIGHLIGHTS

	2024 HK\$'000	2023 HK\$'000
Revenue	81,212	89,075
Loss for the year	25,650	35,253
Net assets	1,039	27,584
Bank balances and cash	5,848	6,121

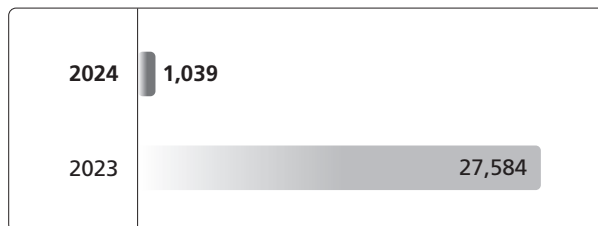
Revenue (HK\$'000)



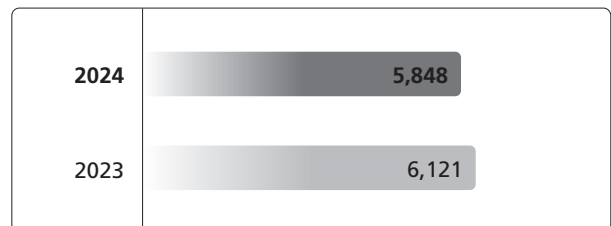
Loss for the Year (HK\$'000)



Net Assets (HK\$'000)



Bank Balances and Cash (HK\$'000)



Great Wall Terroir Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) currently has a portfolio of business interests in the telecommunication and related services, information technology and property investment sectors in Singapore, Hong Kong and the People’s Republic of China (the “**PRC**”) and is actively pursuing other opportunities that are complementary to its existing operations or have high growth potential, with ability to generate healthy cashflows and capabilities to maximise the Group’s long-term value. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (stock code: 524).

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "**Board**") of directors (the "**Director(s)**") of the Company, I am pleased to present the annual results of the Group in this annual report for the year ended 31 December 2024 (the "**Year**").

Global inflation, rising geopolitical tensions and extreme climate-related calamities meant 2024 has been a turbulent year. The People's Bank of China and the Federal Reserve of the United States (the "**US**"), two largest countries in terms of GDP, reduced their respective interest rates 3 times altogether in hope of containing the downward pressure on the weak economy. The US President's recent announcements to implement trade protectionist policies will likely upset global trade flow and disrupt the delicate balance across major economies in the world. The military conflicts in Russia-Ukraine and the Gaza Strip still continue to pose a threat on the market price on natural resources and general safety in the surrounding areas. The recovery of the post-Coronavirus Disease 2019 ("**COVID-19**") global economy in the midst of the above headwind remains unpredictable.

Hong Kong and Singapore are the most sophisticated and penetrated telecommunication markets in the world. The advanced network infrastructure of telecommunication in these two cities is an important factor to maintain Hong Kong and Singapore as a leading business and financial centre, while at the same time the comparative popularity amongst various communication products and services keeps evolving in tune with technology developments over the years. Contributions from the Group's telecommunication business has, under such gradual shift in consumption behaviour, been affected by keen competition amongst other market players as well as a change in usage habit on communications since the COVID-19 time. In response, the Group's efforts to diversify in revenue base in its telecom business, including expanding to the provision of global positioning system ("**GPS**") services in the PRC since last year, has helped stabilising the revenue of the Group. The GPS-service market in the PRC has experienced growth driven by advancements in satellite navigation technology, increasing demand for high-precision positioning and the integration of GPS with emerging technologies like 5G and Artificial Intelligence.

The Group's online shopping platform (the "**Platform**" or "**Winestry**") has launched for over a year with better brand recognition and reputation amongst wine buyers. The spending habit of Hong Kong consumers has obviously shifted to be more receptive to online purchases of higher-value products. The market value of the investment properties in the Group is inevitably depreciated by the impact of surrounding poor sentiment in the real property market in Hong Kong.

Looking ahead, while the Group sees the GPS-service segment will become more challenging as it may face uncertainty in maintaining a talent team for provision of quality and stable services in tracking the subject location in the future, the Group's development strategy remains to refine and rationalise its existing businesses through enhancing quality of services and improving operational efficiencies and profitability, while at the same time cautiously exploring new business opportunities to either complement the existing business segments or to generate stable revenue stream in order to achieve sustainability and long-term profitability. The Group has commenced building a new IT service in respect of software development for enterprise customers in the PRC which new business is anticipated to start generating revenue in the first quarter of 2025. With the leadership of the management team, the Group will continue its pursuit in a variety of revenue generating opportunities to diversify its business and remain committed to enforcing strict financial discipline in controlling its expenditure and adopting prudent capital management in investing in new businesses in order to generate better returns for shareholders of the Company (the "**Shareholder(s)**").

On behalf of the Board, I would like to express our appreciation to all the fellow Directors, employees and business partners for their great support, hard work, dedication and commitment to the Group.

Cheung Siu Fai
Chairman of the Board

20 March 2025

OVERVIEW

During the year 2024, the annual slowdown underscores the economy's struggle to regain momentum following the COVID-19. In the PRC, the unemployment rate among different age groups is increasing due to the impact of restructuring of real estate-related industries and the shift of manufacturing base in the PRC to other developing countries with better cost advantage. In Singapore, with foreign funds flowing in, the inflationary pressure on living costs in Singapore is significant which now ranks one of the places with the highest living costs around the world. It also places significant pressure on the local labour market, which is already facing a shortage and strict regulations that limit foreign residents from entering the market. The change in communication habits and more intense competition with a variety of service providers also worsen the business landscape. In Hong Kong, poor market sentiment in the retail sector, being overshadowed by the poor performance in the real estate market, continues in 2024. The change in shopping habits poses additional challenges to local retailers as many Hong Kong residents prefer to do online shopping via local and PRC online shopping platforms or travel across the border over the weekends to benefit from lower prices in Mainland China. The Group's business performance also experienced a decline under the volatile business environment described above.

In the PRC, investment growth, particularly in infrastructure and household consumption like e-Commerce sales, experienced another slowdown during 2024. Consumers are reluctant to spend while witnessing a decrease in housing prices and high unemployment rate across a variety of industries. Investment in advanced technological offerings, such as generative AI and autonomous driving systems, by private or state-owned enterprises continued to grow. GPS-related applications and tracking devices are widely used in commercial vehicles for real-time monitoring, route optimisation and fleet management. The transportation and logistics sector remains the largest end-use industry for GPS devices. Revenue from the PRC for the Year significantly increased by approximately 27.1% to approximately HK\$24.4 million, from approximately HK\$19.2 million for the preceding year.

In Singapore, the Ministry of Trade and Industry of Singapore (the "MTI") has upgraded GDP growth forecast for 2024 to around 3.5% in November 2024 from a range between 1.0% and 3.0% at the beginning of 2024, but against this backdrop of intense labour pressure as described above. Singapore's telecommunication market continues to be a dynamic and competitive landscape which favours market players with heavy infrastructure, market dominance or superior technological advancements. Benefiting from a niche wholesale segment, revenue from Singapore for the Year increased by approximately 11.5% to approximately HK\$53.5 million, from approximately HK\$48.0 million for the preceding year, which also partially offset the decrease in revenue from Hong Kong derived from a similar segment.

In Hong Kong, the Financial Secretary of the Government of the HKSAR has estimated a budget deficit for the coming fiscal year owing to the shortfall in revenue from land sales and stamp duty. The Government of the HKSAR mentioned the likelihood to minimise the government expenditure like suspension of some existing subsidies under current crucial stage. Even though the prime rate has seen third cut during the year 2024, real estate and equity market-related industries are still struggling to recover, taking into account the uncertainty of future economy in Hong Kong. The consumption sentiment for pervasive Hong Kong residents becomes more prudent which is evident from the increasing vacancy of retail shops in a variety of districts. When compared to revenue for the preceding year, caused by the weak performance in the wholesale segment in Hong Kong during the Year, revenue from Hong Kong for the Year has significantly decreased by approximately 84.9% to approximately HK\$3.3 million, from approximately HK\$21.9 million for the preceding year.

The Group's overall revenue for the Year decreased by approximately 8.9% to approximately HK\$81.2 million, from approximately HK\$89.1 million for the preceding year. The loss attributable to owners of the Company for the Year decreased by approximately 27.2% to approximately HK\$25.7 million, from approximately HK\$35.3 million for the preceding year.

BUSINESS REVIEW

TELECOM BUSINESS

Revenue recorded from the telecom business, which comprised the telecommunication and related information technology businesses in the PRC, Singapore and Hong Kong (the “**Telecom Business**”), amounted to approximately HK\$78.9 million for the Year, representing a decrease of approximately 9.0% compared to approximately HK\$86.7 million for the preceding year, which is mainly attributable to the decrease in revenue from the wholesale telecommunication service segment in Hong Kong. The retail telecommunication services in Singapore and Hong Kong continue to be under keen competition in the over-saturated telecommunication service market. The Group has been deploying resources on retaining the existing customer base who tend to shift to low cost or even free telecommunication services. The Group has also diversified its service offerings in the Telecom Business by engaging in the provision of GPS mobile connectivity solutions in the PRC’s automobile market since the preceding year.

The GPS services with mobile connectivity currently provided by the Group mainly include GPS vehicle positioning services and the distribution and installation of GPS vehicle terminal equipment (the “**GPS Services**”) for corporate clients. The GPS Services track the locations of targeted vehicles in real-time to ensure the whereabouts and security of the targeted vehicles. In addition to vehicle positioning, our clients would also be instantly alerted of unusual circumstances or conditions associated with their vehicles or any attempt to tamper with the GPS vehicle terminal equipment. Revenue from the provision of GPS Services for the Year increased by approximately 27.1% to approximately HK\$24.4 million, from approximately HK\$19.2 million in the preceding year. The significant increase was mainly due to a full year effect for the Year versus nine months in the preceding year, and the rise in the number of orders derived from end-users.

IT BUSINESS

Revenue recorded from the information technology business, comprised the IT Services (as defined below) and E-Commerce Business (as defined below) (the “**IT Business**”).

Revenue recorded from the IT services provided in Hong Kong, which mainly comprised the provision of one-stop information technology services, including but not limited to maintenance of point-of-sale (“**POS**”) system, installation of server and network equipment, security system and website maintenance (the “**IT Services**”), amounted to approximately HK\$0.5 million for the Year which represents a decrease of approximately 50.0% from approximately HK\$1.0 million for the preceding year.

Since the commencement of the IT Services segment in 2021, the Group has successfully built a strong relationship with its customers, enabling easier cross-selling of other value-added services to them. During the Year, the Group completed the works under the two contracts from its existing customers (the “**e-Shop Revamp Contracts**”) for revamping the online e-shop and POS system with a total contract sum of approximately HK\$0.7 million. Revenue from the e-Shop Revamp Contracts for the Year decreased by approximately 75.0% to approximately HK\$0.1 million, from approximately HK\$0.4 million for the preceding year.

Other than the IT Services, the Group had actively worked on expanding the sources of revenue for the IT Business by developing an e-Commerce platform on wine, namely Winestry which allows users of the Platform to buy and sell wine online (the “**E-Commerce Business**”), in light of the rapid development of e-Commerce business in Hong Kong and the potential growth in the local wine market of Hong Kong. The Group generated revenue of approximately HK\$0.5 million from Winestry for the Year. The Platform was launched in 2023 and went live over one year with more than 540 SKUs as at 31 December 2024. The Group has been cautious in marketing expenditure during the Year due to the weak economy, and has relied on organic growth.

INVESTMENT PROPERTIES

Rental income from a property acquired by the Group in September 2021 (the “**Property**”) was approximately HK\$1.3 million for both the Year and the preceding year. The Property, located at Units Nos. 4 and 6 on 11th Floor of Block A, Sea View Estate, No. 2 Watson Road, Hong Kong, is an industrial property with a gross area of approximately 5,430 square feet. It is held under a medium-term lease and an unencumbered property. The Property is held for investment purpose and has been leased on operating leases.

The fair value of the Property, which was determined by the Directors with reference to recent transaction prices of similar properties in the market and the valuation report prepared by an independent qualified professional valuer, amounted to approximately HK\$44.4 million as at 31 December 2024, as compared with the fair value of the Property of approximately HK\$49.8 million as at 31 December 2023.

The Property is expected to generate stable income in the future and the Group may also benefit from any long-term capital appreciation of the Property.

PROSPECTS

The global economy is expected to sustain its pace of expansion, albeit slow, in 2025 which is supported by the improving private consumption and investment. Following the inauguration of the new US President and his proposed aggressive policies on international trade including heavy tariffs, along with potential retaliatory tariffs and other measures to be imposed by other countries in response, and heightened geopolitical tensions will create significant uncertainties on growth prospects. According to the International Monetary Fund (the “**IMF**”), the latest projection of global GDP growth is 3.3% in 2025. The baseline outlook remains fragile with rising downside risks stemming from heightened protective policies.

In Singapore, the MTI forecasted the GDP growth for 2025 will be maintained at 1.0% to 3.0% with reference to trade tensions among major economies. In the PRC, the IMF expected the GDP growth rate to be around 4.6% in 2025, after taking into consideration of the likely adverse impact of the recent tariffs from the US and the Eurozone and intensified trade tensions. In Hong Kong, a major bank in Hong Kong projected the GDP growth of around 2.5% in 2025, having regard to an ongoing geopolitical tensions, decrease in real estate price and weak private consumptions.

Under these economic environment, the Group will remain vigilant and be disciplined in its business decisions and adopt prudent strategies in its efforts to improve the Group’s operating performance and enhance shareholder value. This will be achieved through instituting targeted measures to enhance operational efficiency, and aligning our cost structure and capital investments with our projected business growth.

The demand for telecommunication services in the PRC, Singapore and Hong Kong, especially for the mobile communication sectors, is expected to continue to grow as consumers crave for more accessible online knowledge, entertainment and services and support. However, these consumer-level sectors are dominated by incumbent players with considerable infrastructure and/or software development investment, and substantial marketing budgets. While the market is expected to continue evolving, the Group will leverage on its experience and business network and explore new opportunities at the underlying or support layer of the telecom and technology service segments to supplement its existing portfolio of service offerings with an aim of creating a well-balanced revenue stream.

Regarding the IT Business, the Group believes that expansion of the scope of its existing IT Business segment to tackle the paradigm shift in the future’s business environment is essential. The Group, after thorough consideration of such growth potential in software development and application, is determined to deploy resources to build a base for provision of IT services in the PRC. Given the fact that large IT enterprises have emerged and developed in the PRC during the last two decades, the market of supply of IT services in the PRC and the talent pool are mature and substantial, while the demand for such services is anticipated to be growing fast in order for enterprises to embrace for innovative AI applications and services and network integrity and security. Leveraging on its experience in provision of IT solutions services, software customisation and development of its e-Commerce platform, the Group will from time to time review customer feedback and potential return on its capital and human resources investments in our IT Business, and make adjustments in our strategy and development plans with reference to the market conditions and our market position, while actively looking for new business opportunities to enhance its business diversification and deliver improved returns for Shareholders.

FINANCIAL REVIEW

REVENUE AND RESULTS

Revenue of the Group for the Year decreased by approximately 8.9% to approximately HK\$81.2 million, from approximately HK\$89.1 million for the preceding year. Revenue from the Telecom Business for the Year decreased by approximately 9.0% to approximately HK\$78.9 million, from approximately HK\$86.7 million for the preceding year. The decrease in revenue from the Telecom Business was mainly due to a decline in revenue from voice telecommunication business during the Year, which was partially compensated by revenue generated from the GPS Services during the Year. Revenue from the IT Business for both the Year and the preceding year remained unchanged at approximately HK\$1.0 million. The decrease in revenue from the IT Services arising from completion of e-Shop Revamp Contract was compensated by increase in revenue generated from the Platform during the Year. The rental income from the Property for both the Year and the preceding year remained unchanged at approximately HK\$1.3 million.

The gross profit of the Group for the Year slightly increased by approximately 2.0% to approximately HK\$5.2 million, from approximately HK\$5.1 million for the preceding year. The overall gross profit margin of the Group for the Year increased to approximately 6.4% from approximately 5.7% for the preceding year. The increase in gross profit and gross profit margin of the Group was mainly due to continuously improving gross profit margin in GPS Services during the Year.

Other income, gains and losses of the Group for the Year recorded a net loss of approximately HK\$5.3 million for the Year as compared with a net loss of approximately HK\$8.0 million for the preceding year. The decrease was mainly due to the combined effect of (i) the decrease in impairment losses on the right-of-use assets of approximately HK\$5.4 million recognised for the Year; (ii) the recognition of other income of approximately HK\$1.1 million in respect of write-back of provision of staff costs during the period from November 2017 to December 2018; and (iii) the increase in fair value loss on investment properties of approximately HK\$3.8 million for the Year.

Selling and distribution expenses of the Group for the Year increased to approximately HK\$0.6 million, from approximately HK\$0.5 million for the preceding year. The increase was mainly due to an increase in sales staff costs in the Telecom Business.

Operation and administrative expenses of the Group for the Year decreased significantly to approximately HK\$24.1 million, from approximately HK\$30.2 million for the preceding year. The decrease was mainly due to the decrease in legal and professional costs and consultancy fee for various areas during the Year, including the development and maintenance of the Platform and the telecommunication service segment and professional advice on evaluation of potential investment and business development opportunities as well as staff costs during the Year, including Director's remuneration and benefits expenses in an aggregate amount of approximately HK\$6.0 million for the Year which was due to cost control measures taken during the Year.

Gain on derecognition of designated financial asset at fair value through other comprehensive income of approximately HK\$0.9 million for the Year was generated.

Finance costs of the Group for the Year increased by approximately HK\$1.4 million to approximately HK\$1.9 million, from approximately HK\$0.5 million for the preceding year. The increase was mainly due to the increase in interest on loans from a Director of approximately HK\$1.1 million during the Year and the increase in interest on bank loan of approximately HK\$0.2 million.

As a result of the foregoing, the loss attributable to owners of the Company for the Year decreased by approximately 27.2% to approximately HK\$25.7 million, from approximately HK\$35.3 million for the preceding year.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCING

As at 31 December 2024, the net assets of the Group amounted to approximately HK\$1.0 million (2023: approximately HK\$27.6 million). The decrease in net assets was mainly due to the Group's operating loss for the Year.

Capital expenditures for the Year amounted to approximately HK\$295,000, compared to approximately HK\$136,000 for the preceding year.

As at 31 December 2024, the bank balances and cash (excluding pledged bank deposits) of the Group amounted to approximately HK\$5.8 million (31 December 2023: approximately HK\$6.1 million). The slight decrease was mainly due to the net effect of net cash used in operating activities of approximately HK\$17.0 million and the cash inflow from the loans from a Director of HK\$23.6 million.

As at 31 December 2024, the pledged bank deposits of the Group amounted to approximately HK\$0.2 million (31 December 2023: approximately HK\$0.2 million). Bank guarantees of approximately HK\$0.2 million as at 31 December 2024 (31 December 2023: approximately HK\$0.2 million) were issued to suppliers for operational requirements.

As at 31 December 2024, the loans from two former Directors amounted to approximately HK\$5.7 million (31 December 2023: approximately HK\$5.7 million) and the loans from a Director amounted to HK\$23.6 million (31 December 2023: nil). The loans from two former Directors are unsecured, unguaranteed and interest-free. The loans from a Director are unsecured, unguaranteed and interest bearing at 9.8% per annum.

As at 31 December 2024, the bank loan amounted to approximately HK\$8.7 million (31 December 2023: HK\$9.0 million).

As at 31 December 2024, the Group's gearing ratio, measured on the basis of loans from former Directors, loans from a Director and bank loan as a percentage of net assets was approximately 3,655.6% (31 December 2023: approximately 53.3%). The higher gearing ratio was mainly due to the increase in loans from a Director and the decrease in net assets of the Group as a result of the operating loss recorded by the Group for the Year.

As at 31 December 2024, the lease liabilities of the Group amounted to approximately HK\$6.0 million (31 December 2023: approximately HK\$8.2 million). The decrease was mainly due to the recognition of lease liabilities for the Year in relation to the lease of an additional property of approximately HK\$2.3 million offset by the repayment of lease liabilities of approximately HK\$4.5 million for the Year.

FOREIGN EXCHANGE EXPOSURE

The Group has certain assets, liabilities, and transactions which are denominated in Singapore dollars and Renminbi. The Group continues to closely monitor the exchange rates of both Singapore dollar and Renminbi and will, when appropriate, take appropriate action to mitigate such exchange risks. As at 31 December 2024, no related currency hedges had been undertaken by the Group.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group had no material capital commitments (31 December 2023: nil).

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities (31 December 2023: nil).

ASSET CHARGES

The Group had no material asset charges during the Year (2023: nil).

MATERIAL ACQUISITIONS AND DISPOSAL

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Year.

DIRECTORS' BIOGRAPHICAL DETAILS

EXECUTIVE DIRECTORS

Mr. CHEUNG Siu Fai ("Mr. Cheung"), aged 54, was appointed as an executive Director on 20 February 2020 and the chairman (the "**Chairman**") and acting chief executive officer (the "**Acting Chief Executive Officer**") of the Company on 2 March 2021. He holds a Master Degree in Business Administration from The Chinese University of Hong Kong and a Bachelor Degree in Electronic Engineering from The Hong Kong Polytechnic University. Mr. Cheung founded Hammer Capital Group Limited and is a director of Hammer Capital Asset Management Limited. Prior to founding Hammer Capital Group Limited, he was the Head of Asia Pacific of the Strategic Equity Solutions of Merrill Lynch (Asia Pacific) Limited ("**Merrill Lynch**"). Prior to his position at Merrill Lynch, he was the Head of Asia Pacific of the Strategic Equity Solutions and the Managing Director of the Structured Products of Asia of Citigroup Global Markets Asia Limited. He has also held key positions in various major investment banks in Asia Pacific like Calyon Corporate & Investment Bank (presently known as Crédit Agricole Corporate & Investment Bank) and JPMorgan Chase & Co. Mr. Cheung has been an executive director of Shunten International (Holdings) Limited, a company listed on the Stock Exchange (stock code: 932) ("**Shunten**"), since 24 January 2022 and has also been appointed as the chairman of Shunten since 24 October 2022. Mr. Cheung is the sole director and sole shareholder of Beta Dynamic Limited ("**Beta Dynamic**"), the holding company of the Company as at the date of this annual report.

Mr. HUI Chun Wai Henry ("Mr. Hui"), aged 48, was appointed as an executive Director on 2 March 2021. He holds a Bachelor Degree in Business Administration (Financial Accounting) from The Hong Kong University of Science and Technology. Mr. Hui is a director of certain subsidiaries of the Group. Mr. Hui was an employee of Hammer Capital Asset Management Limited until his resignation on 30 June 2021. Prior to joining Hammer Capital Asset Management Limited, he was a Managing Director and the Regional Head of Structured Investments & Derivatives, Asia in BNP Paribas Wealth Management Hong Kong ("**BNP**"). Prior to his position at BNP, he was the Head of Equities Advisory & Sales Trading Hong Kong at Bank of Singapore Hong Kong Branch. He worked in UBS AG Wealth Management Hong Kong Branch and China Exchanges Services Company Limited before. He has also held positions in various major investment banks in Asia Pacific like Citigroup Global Markets Asia Limited and Calyon Corporate & Investment Bank (presently known as Crédit Agricole Corporate & Investment Bank).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. FONG Wai Ho ("Mr. Fong"), aged 44, was appointed as an independent non-executive Director on 20 February 2020. Mr. Fong has over 20 years of experience in auditing and business advisory services. He is the founder and has been a practitioner of UBC & Co., Certified Public Accountants since March 2013 and a practising director of UBC & Co., Certified Public Accountants Limited since October 2021. Mr. Fong was the practicing director of Andes Glacier CPA Limited from March 2017 to March 2020. Mr. Fong holds a bachelor's degree in business administration (honours) in accountancy and management information systems awarded by City University of Hong Kong. Mr. Fong is a practicing Certified Public Accountant in Hong Kong, a member of the Association of Chartered Certified Accountants as well as a fellow of the Hong Kong Institute of Certified Public Accountants. He is a member of the Chartered Professional Accountants of British Columbia and the Chartered Professional Accountants of Canada, respectively. He is currently an independent non-executive director of Perennial Energy Holdings Limited (stock code: 2798), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Fong was also an independent non-executive director of Global Sweeteners Holdings Limited (stock code: 3889) between 31 December 2018 and 18 January 2024.

Mr. CHOW Hiu Tung ("Mr. Chow"), aged 53, was appointed as an independent non-executive Director on 12 March 2021. He has over 27 years of experience in accounting and internal control. Mr. Chow has been an independent non-executive director of Reach Energy Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad (stock code: 5256), since March 2023 and an independent non-executive director of Kasen International Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 496), since December 2023. He had been an independent non-executive director of Majestic Dragon AeroTech Holdings Limited (formerly known as State Energy Group International Assets Holdings Limited), a company listed on the Stock Exchange (stock code: 918) from October 2018 to December 2021, an independent non-executive director of Future Bright Mining Holdings Limited, a company listed on the Stock Exchange (stock code: 2212), from December 2014 to September 2018, and an independent non-executive director of National United Resources Holdings Limited (formerly known as China Outdoor Media Group Limited), a company listed on the Stock Exchange (stock code: 254), from October 2013 to March 2015. Mr. Chow obtained his bachelor's degree in business administration in finance from The Hong Kong University of Science and Technology in November 1995 and obtained his master's degree in international business in December 2001 from The University of Sydney, Australia. Mr. Chow has been a member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since January 1999. Mr. Chow has also been a member of the Association of Chartered Certified Accountants since April 2000 and was admitted as its fellow member in April 2005.

Ms. DONG Jianmei ("Ms. Dong"), aged 51, was appointed as an independent non-executive Director on 21 November 2024. She has approximately 28 years of experience in the field of natural resources economics and business management. Since 1996 and until now, Ms. Dong has been working as a researcher at the Chinese Academy of Natural Resources Economics (中國自然資源經濟研究院) (formerly known as Chinese Academy of Land & Resource Economics (中國國土資源經濟研究院)) and is mainly responsible for researching on the reform and development of the national geological exploration industry and management of geological data. In August 2018, she has received a Certificate of Senior Qualification issued by the Chinese Academy of Land & Resource Economics. Ms. Dong obtained a Bachelor of Economics and a Master of Economics from Renmin University of China (中國人民大學) in June 2004 and June 2011 respectively. Ms. Dong has also obtained a Certificate of Accounting Professional in the PRC in December 1999. She has been an independent non-executive director of Shunten, a company listed on the Stock Exchange (stock code: 932), since 1 July 2022.

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Board is committed to maintaining high standards of corporate governance in performing their obligations to act in the best interests of Shareholders and enhance long-term shareholder value. Except for the non-compliances and deviations described below, the Directors are not aware of any information which would reasonably indicate that the Company is not, or was not at any time during the Year, acting in compliance with the code provisions (the “**Code Provision(s)**”) of the Corporate Governance Code (the “**Corporate Governance Code**”) set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

Under Code Provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. No chief executive officer was appointed by the Company upon the resignation of Ms. Li Bing on 9 November 2020. With effect from 2 March 2021, Mr. Cheung has become the Chairman and also assumed the role of Acting Chief Executive Officer until a suitable candidate is identified. The Board believes that vesting the roles of the Chairman and the Acting Chief Executive Officer in Mr. Cheung will provide the Company with strong and consistent leadership and promote effective and efficient formulation and implementation of business decisions and strategies. The Board considers that such structure is in the best interests of the Company and its Shareholders at this stage. The Board however will keep reviewing the current structure of the Group’s management from time to time and should a candidate with suitable knowledge, skill and experience be identified, the Company will make such nomination as appropriate to ensure that the roles of the Chairman and the chief executive officer of the Company are performed by two separate individuals.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, save for the incident disclosed below, the Company confirms that the Directors have complied with the required standard set out in the Model Code during the Year.

Due to miscommunication with his broker, Mr. Cheung had unintentionally purchased 50,000 shares of the Company on 13 August 2024 which was during the blackout period for the 2024 interim results announcement of the Company. Mr. Cheung immediately sold the 50,000 shares on 14 August 2024 upon knowing the oversight and consulted the Stock Exchange. The Stock Exchange has subsequently issued a guidance letter to Mr. Cheung regarding such non-compliance.

BOARD OF DIRECTORS

BOARD COMPOSITION

As at the date of this annual report, the Board comprises two executive Directors, namely Mr. Cheung Siu Fai (the Chairman and the Acting Chief Executive Officer) and Mr. Hui Chun Wai Henry, and three independent non-executive Directors, namely Mr. Fong Wai Ho, Mr. Chow Hiu Tung and Ms. Dong Jianmei. Biographical details of the Directors as of the date of this annual report are set out in the section headed “Directors’ Biographical Details” on pages 10 to 11 of this annual report.

There is no relationship (including financial, business, family or other material/relevant relationships) among the Directors.

Executive Directors

Each of the executive Directors has entered into a service contract with the Company with no fixed term, terminable by the Company or the relevant executive Director by giving notice of one month. They are subject to the retirement and re-election requirements of the bye-laws of the Company (the “**Bye-law(s)**”).

Independent Non-executive Directors

Each of the independent non-executive Directors has entered into an appointment letter with the Company with no fixed term, terminable by the Company or the relevant independent non-executive Director by giving notice of one month. They are subject to the retirement and re-election requirements of the Bye-laws.

In accordance with the Bye-laws, not less than 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) will retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years. Any Director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office only until the following annual general meeting of the Company and shall then be eligible for re-election at that meeting.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) in 2013 (revised by the Board on 25 November 2021 and 24 March 2022) to set out the approach to achieve diversity for the Board. Pursuant to the Board Diversity Policy, the Company recognises the benefits of a Board that possesses a balance of skills, expertise, experience and diversity of perspectives appropriate to the requirements of the businesses of the Group. Board appointments will continue to be on a merit basis, and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The nomination committee (the “**Nomination Committee**”) of the Company has set measurable objectives for implementing the Board Diversity Policy. Selection of candidates will be based on a range of diversity perspectives, including but not limited to the Company’s needs, gender, age, ethnicity, cultural and educational background, professional experience, qualification, skills, knowledge, length of service, and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities and, in the case of independent non-executive Director(s), the independence requirements set out in the Listing Rules. The ultimate decision will be based on merits and contributions that the selected candidates will bring to the Board. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders’ expectation and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity.

The Nomination Committee continues to be responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy and will review the Board Diversity Policy on an annual basis to assess its effectiveness. The Nomination Committee will discuss and agree on measurable objectives for achieving diversity of the Board, and where necessary, make any revisions that may be required and recommend any such revisions to the Board for consideration and approval. The Nomination Committee was of the view that an appropriate balance of diversity perspectives of the Board is maintained. The Board has disclosed a summary of the Board Diversity Policy including any measurable objectives that it has set for implementing the Board Diversity Policy above.

CORPORATE GOVERNANCE REPORT

As at 31 December 2024, the Board comprised 5 Directors, one of which is female. The Board is currently of the opinion that it generally meets the diversity requirements under the Listing Rules. Yet, the Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified while the ultimate decision will be based on merits and contributions which the selected candidate(s) will bring to the Board. The Company will also ensure that there is gender diversity when recruiting staff at middle to senior level and provide suitable on-job training to them, so that we will have a group of female senior management and potential successors to the Board in near future.

WORKFORCE DIVERSITY

As at 31 December 2024, the Group had a total workforce of 26 employees, of which approximately 58% (15) are males, and approximately 42% (11) are females.

While we believe our future employee recruitment should predominantly be merit-based and do not consider it appropriate to set any target gender ratio for our workforce, we recognise and embrace the benefits of having a diverse workforce, and will continue to enhance the diversity of our workforce, subject to availability of suitable candidates.

BOARD MEETINGS

The Board meets regularly and on those occasions when Board decisions are required for major issues. All Directors are provided with adequate and timely information prior to Board meetings to ensure that the Directors can make informed decisions when fulfilling their responsibilities. All meeting minutes and written resolutions of the Board and its committees are kept by the company secretary of the Company (the “**Company Secretary**”), and such records are available for inspection at any reasonable time on reasonable notice by any Director.

During the Year, the Board held 6 meetings. The attendance of each Director at Board meetings and general meetings of the Company held during the Year is set out below.

Name of Director	Attendance/number of meetings held during the Director's tenure	
	Board meeting [#]	General meeting
Cheung Siu Fai	1/6	1/1
Hui Chun Wai Henry	6/6	1/1
Fong Wai Ho	6/6	1/1
Chow Hiu Tung	6/6	1/1
Dong Jianmei (appointed with effect from 21 November 2024)	0/0	0/0
Cheung Sze Ming (resigned with effect from 21 November 2024)	5/6	1/1

[#] Including physical meetings and meetings held by telephone conference

On those occasions where it was not practical to convene physical meetings, in lieu thereof, written resolutions of the Board together with full copies of related documents were circulated to all Directors for consideration and approval. During the Year, all such written resolutions were approved by all Directors.

BOARD AND MANAGEMENT

The Board is primarily responsible for establishing the overall strategies of the Group, setting objectives and business development plans, assuming responsibility for corporate governance and monitoring operational and financial performance of the Group.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Newly appointed Directors are provided with induction training immediately after appointment to ensure that they have appropriate understanding of the business and operations of the Group and that they are fully aware of their responsibilities and obligations under the Listing Rules including the Corporate Governance Code, and other applicable regulatory requirements.

In accordance with C.1.4 of the Corporate Governance Code with regards to continuous professional development, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Directors are also encouraged to participate in external trainings at the Company's expense. All Directors are required to provide the Company annually with their training records. According to the training records maintained by the Company, the trainings received by each of the Directors during the Year are summarised as below.

Name of Director	Regulatory updates or corporate governance related materials
Cheung Siu Fai	✓
Hui Chun Wai Henry	✓
Fong Wai Ho	✓
Chow Hiu Tung	✓
Dong Jianmei (appointed with effect from 21 November 2024)	✓
Cheung Sze Ming (resigned with effect from 21 November 2024)	✓

CHAIRMAN AND CHIEF EXECUTIVE

During the Year, Mr. Cheung was the Chairman. The Chairman was responsible for providing leadership to the Board and monitoring board effectiveness and shareholder communications. His role as the Acting Chief Executive Officer was responsible for the overall management of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are highly skilled professionals with a broad range of expertise and experience in the fields of accounting, finance and business. Their skills and expertise can ensure that strong independent views and judgment are brought in the Board's deliberations and that such views and judgment carry weight in the Board's decision-making process. Their presence and participation also enable the Board to maintain high standards of compliance in financial and other mandatory reporting requirements, and provide adequate checks and balances to safeguard the interests of the Company and the Shareholders.

BOARD COMMITTEES

The Board has established three regular committees, comprising audit committee (the “**Audit Committee**”) of the Company, remuneration committee (the “**Remuneration Committee**”) of the Company and the Nomination Committee, and has delegated various responsibilities to those committees. The committees perform their distinct roles in accordance with their respective terms of reference which are available on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.gwt.hk).

All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense.

AUDIT COMMITTEE

The Audit Committee was established on 29 September 1999 and comprised all independent non-executive Directors during the Year. As at the date of this annual report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Fong Wai Ho, Mr. Chow Hiu Tung and Ms. Dong Jianmei. Mr. Fong, who has the appropriate financial-related professional qualification and experience, is the chairman of the Audit Committee.

The principal role of the Audit Committee is to review the effectiveness of the financial reporting practices, the quality and integrity of the financial reports, the internal control and risk management systems and the audit functions of the Company; and to review the nature and scope of the external audit and internal audit of the Company, the results of their examinations as well as their evaluations on the internal control and risk management systems. The Audit Committee is also responsible for nominating external auditors and approving their audit fees and is granted the authority to investigate any activities within its terms of reference. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditor of the Company.

During the Year, the Audit Committee held 2 meetings to review the Group's annual results for the year ended 31 December 2023 and the interim results for the six months ended 30 June 2024 with the presence of the external auditor of the Company before their submission to the Board; to assess any changes in accounting policies and practices, qualification and experience of accounting staff, major judgmental areas and compliance with applicable legal and accounting requirements and standards; to review the effectiveness of the internal control and risk management systems; and to make recommendations to the Board regarding the re-appointment of the external auditor of the Company and approve their audit fees.

The attendance of each member of the Audit Committee at the committee meetings held during the Year is set out below.

Name of Director	Attendance/number of Audit Committee meetings [#] held during the Director's tenure
Fong Wai Ho	2/2
Chow Hiu Tung	2/2
Dong Jianmei (appointed with effect from 21 November 2024)	0/0
Cheung Sze Ming (resigned with effect from 21 November 2024)	2/2

[#] Including physical meetings and meetings held by telephone conference

REMUNERATION COMMITTEE

The Remuneration Committee was established on 18 December 2001 and comprised all independent non-executive Directors during the Year. As at the date of this annual report, the Remuneration Committee comprised three independent non-executive Directors, namely Mr. Fong Wai Ho, Mr. Chow Hiu Tung and Ms. Dong Jianmei. Mr. Fong is the chairman of the Remuneration Committee.

The Remuneration Committee is responsible for determining a mechanism for setting the Group's remuneration structure with reference to fair and objective standards, determining and reviewing the remuneration of Directors, including executive Directors and non-executive Directors, reviewing matters relating to share schemes under Chapter 17 of the Listing Rules, and addressing and dealing with such other matters relating to remuneration as directed by the Board from time to time.

During the Year, the Remuneration Committee held 3 meetings to make recommendation to the Board on renewal of service contract and appointment letters of certain Directors, the approval of remuneration budget of the Board for the Year and the approval of the appointment letter of an independent non-executive Director.

The attendance of each member of the Remuneration Committee at the committee meetings held during the Year is set out below.

Name of Director	Attendance/number of Remuneration Committee meetings [#] held during the Director's tenure
Fong Wai Ho	3/3
Chow Hiu Tung	3/3
Dong Jianmei (appointed with effect from 21 November 2024)	0/0
Cheung Sze Ming (resigned with effect from 21 November 2024)	2/3

[#] Including physical meetings and meetings held by telephone conference

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Nomination Committee was established on 9 December 2011 and comprised a majority of independent non-executive Directors during the Year. As at the date of this annual report, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Fong Wai Ho, Mr. Chow Hiu Tung and Ms. Dong Jianmei, and one executive Director, namely Mr. Cheung Siu Fai. Mr. Cheung, the Chairman, is also the chairman of the Nomination Committee.

The Nomination Committee is responsible for identifying, recruiting and evaluating new nominees to the Board; reviewing the structure, size and composition of the Board, including the skills, knowledge and experience of Directors and the time devoted by Directors in fulfilling their responsibilities; assessing the independence of independent non-executive Directors; together with addressing and dealing with such other matters relating to nominations as directed by the Board from time to time. The Nomination Committee also leads the process and makes recommendations for appointments to the Board.

During the Year, the Nomination Committee held 2 meetings to make recommendation to the Board on the review of the structure, size and composition of the Board; the assessment of the independence of independent non-executive Directors; the retirement by rotation and re-election of Directors; the review of certain policies of the Company; the resignation of an independent non-executive Director and the approval of the appointment of an independent non-executive Director. Information relating to the policy on Board diversity is set out in the section headed "Board Diversity Policy" on pages 13 to 14 of this annual report.

The attendance of each member of the Nomination Committee at the committee meetings held during the Year is set out below.

Name of Director	Attendance/number of Nomination Committee meetings[#] held during the Director's tenure
Cheung Siu Fai	1/2
Fong Wai Ho	2/2
Chow Hiu Tung	2/2
Dong Jianmei (appointed with effect from 21 November 2024)	0/0
Cheung Sze Ming (resigned with effect from 21 November 2024)	1/2

[#] Including physical meetings and meetings held by telephone conference

NOMINATION POLICY

On 25 November 2021, the Company adopted the nomination policy (the “**Nomination Policy**”). The Nomination Policy aims at setting out the process for the nomination of a candidate for the Company’s directorship, the process and criteria to be adopted by the Nomination Committee in selecting and recommending a candidate for directorship in the Company as well as the subsequent procedures for considering and (if thought fit) approving the nomination by the Board and (as appropriate) the Shareholders, in order to facilitate the constitution of the Board with a balance of skills, knowledge, ability, experience and diversity of perspectives that is appropriate to the requirements of the Company’s business operations and environment as well as the industry in which the Company operates. The Nomination Policy supplements the terms of reference of the Nomination Committee.

The Nomination Committee shall conduct the following processes (coupled with the following criteria) with a view to assessing and evaluating whether such candidate is suitably qualified to be appointed as a Director before making recommendations to the Board:

1. to assess such candidate’s qualifications, professional and educational background, skills, knowledge, ability, experience and expertise and also potential time commitment and attention to perform director’s duties, with reference to the corresponding professional knowledge and industry experience which may be relevant to the Company and also the potential contributions that such candidate could bring to the Board;
2. in addition and without prejudice to paragraph 1 above, to assess such candidate’s personal ethics, character, integrity and reputation which would be important to the overall business culture of the Company;
3. with reference to the Board Diversity Policy (as adopted and amended by the Board from time to time), to take into account the then current structure, size and composition of the Board and the Company’s corporate strategy, with due regard to the benefits of the appropriate diversity of perspectives within the Board as well as a strong independent element on the Board;
4. to consider Board succession planning considerations and the long-term needs of the Company;
5. in case of a candidate for an independent non-executive Director, to assess: (i) the independence of such candidate with reference to, among other things, the independence criteria as set out in Rule 3.13 of the Listing Rules; and (ii) the requirements relating to independent non-executive directors set out in Code Provision B.3.4 of Appendix C1 to the Listing Rules; and
6. to consider any other factors and matters as the Nomination Committee may consider appropriate.

As to the re-appointment of a Director, the Nomination Committee will, *mutatis mutandis*, apply the above processes (coupled with the above criteria) and (in the case of an independent non-executive Director) assess whether such Director has remained independent in the context of the Listing Rules and should be re-elected at the next general meeting of the Company.

The entire Board is ultimately responsible for the selection and appointment or recommendation (as the case may be) of candidates for the Company’s directorship, and accordingly, shall consider the recommendations from the Nomination Committee and make a decision.

CORPORATE GOVERNANCE REPORT

In view of the foregoing, the nomination procedures to select and recommend candidates for the Company's directorship could be summarised as follows:

1. The chairman of the Nomination Committee will, upon receipt of a nomination from the nominating Director or the Company Secretary (as the case may be), convene a meeting of the Nomination Committee to consider the same in accordance with its terms of reference.
2. For filling a casual vacancy to the Board, the Nomination Committee will conduct the relevant selection process (coupled with the relevant selection criteria) against the nominated candidate and make recommendations to the Board for consideration, and the Board will then make a decision as to whether the nominated candidate shall be eligible to be appointed as a Director.
3. For proposing a candidate to stand for election as the Director at a general meeting of the Company:
 - (a) the Nomination Committee will make nominations to the Board for consideration, and the Board will then make recommendations to the Shareholders for consideration; and
 - (b) in accordance with Rule 13.70 of the Listing Rules, the Company shall issue an announcement or supplementary circular setting out the information required by the Listing Rules not less than 10 business days prior to the date of the general meeting. For more details, as mentioned above, please see the procedures for a Shareholder to propose a person for election as a Director (as amended from time to time) which are accessible on the Company's website.
4. For re-appointing a Director:
 - (a) subject to (b) below, the Nomination Committee will conduct the relevant selection process (coupled with the relevant selection criteria) against the Director proposed to be re-appointed and make recommendations to the Board for consideration, and the Board will then make a decision as to whether the Director shall be eligible to be re-appointed as a Director; and
 - (b) if the Director proposed to be re-appointed or re-elected due to retirement by rotation under the Bye-laws is an independent non-executive Director who has served the Board for more than 9 years, the Nomination Committee shall also assess whether the Director has remained independent in the context of the Listing Rules and should be re-elected at the next general meeting of the Company and make recommendations to the Board for consideration. The Board will then make a decision as to whether the Director has remained independent in the context of the Listing Rules, and if so, recommend the proposed re-appointment/re-election of the Director to the Shareholders for consideration at the next general meeting of the Company.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing corporate governance duties including to (a) develop and review the Company's policies and practices on corporate governance; (b) review and monitor the training and continuous professional development of Directors and senior management; (c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) develop, review and monitor the code of conduct applicable to employees and Directors; and (e) review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report under Appendix C1 to the Listing Rules.

The corporate governance policy is formulated with an emphasis on the Board's quality, effective internal control, stringent disclosure practices and transparency and accountability to all Shareholders. The Board strives to comply with the Code Provisions and reviews its corporate governance policy regularly in order to maintain high standards of business ethics and corporate governance, and to ensure the full compliance of our operations with applicable laws and regulations.

The Board is of the view that the following mechanisms adopted by the Company are effective in ensuring that independent views and inputs are available to the Board:

- The Board is represented by sufficient number of non-executive Directors which meets the requirement of the Listing Rules.
- In assessing suitability of the Director candidates, the Board will consider their profiles, including their character, experience, qualifications and time commitment; the Board will also consider to the Board's overall composition and skill matrix as well as the Company's diversity policy.
- The Board will review each Director's time commitment to the Company's business annually.
- The Board will assess non-executive Directors' independence upon appointment and annually.
- Directors are required to abstain from voting in matters in which he/she has material interest.
- The Audit Committee, the Nomination Committee and the Remuneration Committee are authorised by the Board to obtain outside legal or other independent professional advice as necessary to assist the respective committee.

The quality of deliberations at meetings of the Board are reviewed during the annual evaluation of the Board's performance.

SENIOR MANAGEMENT'S REMUNERATION

The Directors considered that they are the only senior management of the Group. Details of the remuneration of each Director for the Year are set out in note 11 to the consolidated financial statements.

AUDITOR'S REMUNERATION

The remuneration paid or payable to the Company's auditor, Confucius International CPA Limited, for services rendered in respect of the Year and the preceding year is as follows:

	2024 HK\$'000	2023 HK\$'000
Audit services	910	1,037
Non-audit services		
Other services (Note 1)	110	125
Total	1,020	1,162

Note 1: During the Year, other services mainly represented the services provided by the Company's auditor in relation to the interim report for the six months ended 30 June 2024. During the year ended 31 December 2023, other services mainly represented the services provided by the Company's auditor in relation to the interim report for the six months ended 30 June 2023.

In considering the re-appointment of the external auditor, the Audit Committee has taken into consideration their relationship with the Company and their independence. Based on the results of the review and after taking into account the opinion of the management of the Group, the Audit Committee recommended the Board to re-appoint Confucius International CPA Limited as the external auditor of the Company for the ensuing year, subject to approval by the Shareholders at the forthcoming annual general meeting. In addition, the Audit Committee is of the view that the auditor's independence is not affected by the non-audit services rendered.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group that shall give a true and fair view in accordance with the statutory requirements and applicable accounting standards.

The statement by the auditors of the Company about their reporting responsibilities is set out in the section headed "Independent Auditor's Report" on pages 55 to 58 of this annual report.

COMPANY SECRETARY

Mr. Li Chi Pong ("Mr. Li"), the Company Secretary, is an employee of the Company and has day-to-day knowledge of the Company's affairs. The role of the Company Secretary is to ensure that the Directors have access to all necessary information and that all Board procedures are followed. He also advises the Board of corporate governance matters and facilitates induction and professional development of the Directors. Mr. Li has confirmed that he has taken no less than 15 hours of relevant professional training during the Year.

SHAREHOLDERS' RIGHTS

CONVENING A SPECIAL GENERAL MEETING BY SHAREHOLDERS

Pursuant to Bye-law 58 of the Bye-laws, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition.

The requisition must state the purposes of the meeting, and must be signed by the requisitionists, deposited at the Company's principal place of business in Hong Kong, Room 1903, 19/F., Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong, and marked for the attention of the Board or the Company Secretary, and may consist of several documents in like form each signed by one or more requisitionists.

The requisition will be verified by the Company's branch share registrar and transfer office in Hong Kong and upon its confirmation that the written requisition is proper and in order, the Board shall convene and hold such a special general meeting within 2 months after the deposit of such requisition. If within 21 days from the date of such deposit the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves do so in accordance with Section 74 of the Companies Act 1981 of Bermuda, but any meeting so convened shall not be held after the expiration of three months from the said date.

SENDING ENQUIRIES TO THE BOARD

Shareholders and other stakeholders of the Company may send their enquiries and concerns in writing to the Board by addressing them to the Board or the Company Secretary at the Company's principal place of business in Hong Kong, Room 1903, 19/F., Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong, and the Company Secretary shall forward such written enquiries and concerns received to the Board for further handling.

PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

Pursuant to Sections 79 and 80 of the Companies Act 1981 of Bermuda, it shall be the duty of the Company, on the requisition in writing of such number ^{Note 1} of Shareholders, at the expense of the requisitionists unless the Company otherwise resolves:

- (a) to give to Shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and
- (b) to circulate to Shareholders entitled to receive notice of any general meeting any 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.

CORPORATE GOVERNANCE REPORT

The Company will not give notice of any such resolution or to circulate any such statement unless:

- (a) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the Company's principal place of business in Hong Kong, Room 1903, 19/F., Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong, and marked for the attention of the Board or the Company Secretary, (i) in the case of a requisition requiring notice of a resolution, not less than six weeks ^{Note 2} before the meeting; and (ii) in the case of any other requisition, not less than one week before the meeting; and
- (b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto.

The requisition will be verified by the Company's branch share registrar and transfer office in Hong Kong.

Note 1 The number of Shareholders necessary for a requisition shall be either (a) any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates or (b) not less than one hundred Shareholders.

Note 2 If, after a copy of the requisition requiring notice of a resolution has been deposited at the principal place of business in Hong Kong, an annual general meeting is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company has formulated and adopted the shareholders communication policy (the "**Shareholders Communication Policy**") on 24 March 2022, setting out the framework that the Company has put in place to maintain and promote effective communication and ongoing dialogue with the Shareholders so as to enable them to engage actively with the Company through different means of communications and exercise their rights in the capacity as the Shareholders in an informed manner. To this end, the Company strives to ensure that the Shareholders have ready and timely access to all publicly available information relating to the Company. The Board has disclosed a summary of the Shareholders Communication Policy as below.

The Board communicates with the Shareholders and potential investors through various channels. The Board members meet and communicate with the Shareholders at annual general meetings and other general meetings where Shareholders can obtain better understanding of the business and operating performance of the Group. Corporate communications (such as interim and annual reports, notices, circulars and announcements) are sent to Shareholders in a timely manner and are available on the websites of the Company and the Stock Exchange.

The Shareholders may at any time send enquiries and requests for publicly available information and provide comments and suggestions to the Company. Such enquiries, requests, comments and suggestions can be sent by email to investor@gwt.hk or to the Company Secretary by mail to the Company's address as shown in the "Contact Us" section of the Company's website.

For enquiries about their shareholdings in the Company, the Shareholders can direct the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email to is-enquiries@vistra.com, who has been appointed by the Company to handle the Shareholders' share registration and related matters.

During the Year, an annual general meeting of the Company was held on 6 June 2024.

The Board has reviewed the implementation and effectiveness of the Shareholders Communication Policy. Having considered the multiple channels of communication and engagement in place, it is satisfied that the Shareholders Communication Policy was effective during the Year.

CONSTITUTIONAL DOCUMENTS

A special resolution was passed at the annual general meeting of the Company held on 6 June 2024 (the “**2024 AGM**”) to adopt the amended and restated Bye-laws in order to (i) reflect and align with the latest regulatory requirement in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from 31 December 2023; and (ii) better align the amendments of the then-existing Bye-laws for housekeeping purposes with the provisions of the Listing Rules and the applicable laws of Bermuda.

Please refer to the 2024 AGM circular of the Company dated 25 April 2024 for details of the amendments to the Bye-laws.

A copy of the amended and restated Bye-laws is posted on the Company’s website (www.gwt.hk) and the Stock Exchange’s website (www.hkexnews.hk).

ANTI-CORRUPTION AND WHISTLE-BLOWING PROCEDURES

The Group maintains and effectively implements a comprehensive system of internal control and stringent policies for anti-corruption, and is committed to preventing and monitoring any malpractices or unethical practice.

The Group is in compliance with all applicable anti-bribery and corruption laws including the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) in Hong Kong as well as all the relevant anti-corruption laws in Singapore and the PRC. The Group has also applied the Corporate Governance Code as the basis in formulating the internal rules and regulations for integrity discipline and clean administration. The Group will adhere to its corporate ethics and uphold its reputation to prevent corruption.

To prevent corruptive practices and raise employees’ awareness regarding such matter, standards relating to anti-bribery and anti-corruption are set out in the anti-corruption and bribery policy of the Group (the “**Anti-corruption and Bribery Policy**”).

Employees, who are found breaching the Group’s code and policies will be investigated and may be subject to warning, suspension, termination of contract, dismissal and disciplinary discharge.

In addition, a whistleblowing policy has been established to provide employees with guidance and channels for the reporting of fraud, corruption, bribery, criminal offences, conflict of interest, harassment, workplace bullying and other non-compliances with the laws, regulations and internal controls or other forms of misconducts without fear of adverse consequences.

The policy provides a set of transparent and confidential procedures for dealing with the concerns raised by each employee and is fully supported by management and approved by the Board.

Suspected non-compliance issues may be reported to the chairman of the Audit Committee, the assistant to chairman of the Company, head of department or immediate supervisor who is also required to notify any concerns to the Audit Committee on a timely basis. According to this policy, the identities of employees who reported in good faith will be kept confidentially and protected by the Group without any form of retaliation, harassment or victimisation.

Anti-corruption training material had been circulated among all Directors and employees of the Group during the Year in accordance with the applicable laws of the relevant jurisdictions to enhance their knowledge and awareness on such issue.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for maintaining the Group's internal control systems and risk management and reviewing their effectiveness. The internal control systems of the Group are designed to provide reasonable but not absolute assurance against material misstatements or losses, to manage rather than eliminate the risks of system failures, and to assist in the achievement of the Group's goals. The systems are also structured to safeguard the Group's assets, to ensure the maintenance of proper accounting records, adequacy of resources, qualifications and experience of staff for the Company's accounting and financial reporting functions and compliance with applicable laws, rules and regulations, as well as risk management functions. The Company has also appointed an independent internal control consultant (the "**IC Consultant**") to review the effectiveness of risk management and internal control system of the Group for the Year. Main features of the risk management and internal control systems are described in the sections below:

RISK MANAGEMENT SYSTEM

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyse the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted for the Year, other than non-compliance with the Listing Rules disclosed in the above "Introduction" sub-section of this corporate governance report, no significant risk was identified.

INTERNAL CONTROL SYSTEM

The Company has in place an internal control system which enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The main features and components of the internal control system are shown as follows:

- Control Environment: A set of standards, processes and structures that provide the basis for carrying out internal control across the Group.
- Risk Assessment: A dynamic and iterative process for identifying and analysing risks to achieve the Group's objectives, forming a basis for determining how risks should be managed.
- Control Activities: Action established by policies and procedures to help ensure that management directives to mitigate risks to the achievement of objectives are carried out.
- Information and Communications: Internal and external communications to provide the Group with the information needed to carry out day-to-day controls.
- Monitoring: Ongoing and separate evaluations to ascertain whether each component of internal control is present and functioning.

In order to enhance the Group's system of handling inside information, and to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures, the Group also adopts and implements an inside information policy and procedures. Certain reasonable measures have been taken from time to time to ensure that proper safeguards exist to prevent a breach of a disclosure requirement in relation to the Group, which include:

- The access to information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Group enters into significant negotiations.
- The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

During the Year, the Board has conducted a review of the effectiveness of the internal control system of the Group. Based on the internal control reviews conducted for the Year, other than non-compliance with the Listing Rules disclosed in the above "Introduction" sub-section of this corporate governance report, no significant control deficiency was identified.

INTERNAL AUDIT

During the Year, given the current size and level of operations of the Group, the Group did not have an internal audit function but had appointed the IC Consultant to review the risk management and internal control systems by conducting interviews, walkthroughs and sample tests of operating effectiveness. The IC Consultant has submitted the internal control review and risk assessments reports of the Group to the Audit Committee and the Board in March 2025. The review report with examination results and relevant improvement recommendations were duly reported to the Audit Committee and the Board for them to assess the effectiveness of the internal control and risk management systems of the Group.

The Board considers that it is a continuous process for the Group to review and improve its risk management and internal control systems in order to ensure that they can adapt and respond to the dynamic and ever-changing business environment and regulatory framework. A review of the effectiveness of the Group's risk management and internal control systems is conducted annually by the Audit Committee, the results of which will be reported to the Board. Several areas have been considered during the reviews, including but not limited to (i) the Group's ability to respond to changes in its business and the external environment; (ii) the scope and quality of management's ongoing monitoring of risks and of the internal control systems; and (iii) any control failings or weaknesses identified and relevant remedial actions to rectify the failings or weaknesses. As part of an on-going process for identifying, evaluating and managing material risks faced by the Group, the Company conducts regular reviews of material business processes and procedures in the Group's operations. Having conducted such reviews for the Year, the Board considers that the Group's risk management and internal control systems are reasonably implemented and effective and adequate, and the Company has complied with the Code Provisions relating to the risk management and internal control. Nevertheless, the Group will continue the process of reviewing the effectiveness of the risk management and internal control systems, focusing on specific business processes.

On behalf of the Board

Cheung Siu Fai

Chairman and Executive Director

Hong Kong, 20 March 2025

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SCOPE AND REPORTING YEAR

The Company and its key operating subsidiaries are pleased to highlight its Environmental, Social, and Governance (the “**ESG**”) performance in this ESG report, with disclosure reference made to the ESG Reporting Guide (the “**ESG Guidelines**”) as set out in Appendix C2 to the Listing Rules.

The Group has appointed a third-party consulting company to prepare this ESG report to ensure its objectivity. This ESG report covers the Group’s overall performance in two subject areas, namely environmental and social, of its key business operations (the “**Key Operations**”) in Hong Kong, Singapore and the PRC during the Year.

The Key Operations included in this ESG report:

- The Company, which carries out mainly administrative and investment holding activities in Hong Kong;
- ZONE Telecom Pte Ltd (“**ZONE Telecom**”), which is a telecommunication service provider licensed by the Infocomm Media Development Authority of Singapore. ZONE Telecom offers broadband connectivity, and a comprehensive suite of voice and data services and solutions to business organisations and residential customers;
- ZONE Limited, which is a telecommunication service provider licensed by the Communications Authority of Hong Kong. ZONE Limited specialises in offering telecom and information technology related services and solutions;
- Shenzhen Haikuo Tianxia Technology Co., Ltd* (深圳海闊天下科技有限公司) (“**Shenzhen Haikuo**”), which is a technology equipment service provider in the PRC. Shenzhen Haikuo specialises in provision of GPS Services in the PRC; and
- Great Wall Belt & Road International Limited (“**GWBR**”) which provides IT Services and E-Commerce Business in Hong Kong.

The information in this ESG report was gathered and organised through various channels, including but not limited to internal control policies of the Group, the factual evidence of the implementation of the ESG strategies, the key performance indicators (the “**KPI(s)**”) listed according to the ESG Guidelines, and the annual performance quantitative data of the Group in respect of its business operations and ESG management.

* for identification purpose only

BOARD STATEMENT ON ESG GOVERNANCE

The Board believes that comprehensive corporate governance and well developed operation practices are the foundation of the Group’s sustainable and long-term development. To ensure that appropriate and effective ESG policies are in place, the Board plays a leading role and takes full responsibility for the oversight of ESG matters including evaluating and determining material ESG-related issues and risks.

THE COMPANY’S MISSION AND VISION ON SUSTAINABILITY COMMITMENT

The Group is committed to achieving high standards of ESG performance and meeting all applicable legal requirements in the markets where it operates. The Board aims to put ESG considerations into business decision making process and regularly reviews the progress against ESG-related targets. Effective implementation of ESG policies relies on the collaboration of different departments of the Group. The Board intends to communicate with the management on an ongoing basis in order to review, evaluate, prioritise and manage material ESG-related issues and risks that may have impact on the Group’s operation, so as to ensure that the current policies meet all applicable legal requirements, business needs and stakeholders’ expectations.

ESG MANAGEMENT APPROACH

The Group’s ESG approach is to ensure that the Group continues to create long-term value for its stakeholders by retaining the economic and social advantages of its operations. It also takes the necessary steps to protect and support the communities with multiple values.

The Group strives to address the potential risks and opportunities brought by sustainability issues by encouraging cross departmental collaboration. The approach to tackle problems from multiple points of view is expected to provide more comprehensive solutions to problems that the society is facing today.

The Group understands that environmental conservation and community engagement are more than a moral imperative, they also make good business sense. By upholding its commitment to corporate social responsibility, the Group strives to forge itself into an environmental friendly enterprise that cares about its employees' development and protects their rights and interests.

The Board acknowledges its responsibility for ensuring the integrity of this ESG report and to the best of its knowledge, that this ESG report addresses all material issues and fairly presents the ESG performance of the Group and its impact. The Board confirms that it has reviewed and approved this ESG report.

CERTIFICATION

Over the years, the Group has made considerable endeavours in reducing waste in the course of its operations. The Company has been recognised and awarded the "Wastewise Certificate – Excellence Level" (the "**Excellence Level Certificate**") by the Hong Kong Green Organisation Certification (the "**HKGOC**") for the 10th consecutive year. The scheme, established by, among others, the Environmental Protection Department and Environmental Campaign Committee, encourages Hong Kong businesses and organisations in adopting structured measures to reduce the amount of waste generated within their establishments or generated through the services and products they provide. Having acquired and renewed the Excellence Level Certificate, it means that the Company has:

- successfully implemented all applicable mandatory measures as required by the HKGOC with the relevant achievements reported; and
- successfully implemented at least 80% of applicable non-mandatory measures as required by the HKGOC.

The Group will continue to explore and participate in other schemes and programmes to achieve sustainability.

REPORTING PRINCIPLES

The Group has prepared this ESG report in accordance with the following reporting principles stated in the ESG Guidelines:

- **Materiality:** The Group communicates with our major stakeholder groups to identify and assess ESG-related issues that matter most from stakeholders' perspectives.
- **Quantitative:** Quantitative information/KPIs presented in this ESG report are accompanied by narrative, explanation and comparisons wherever applicable.
- **Balance:** This ESG report aims to disclose data in an objective way in order to provide stakeholders with a balanced overview of the Group's overall ESG performance.
- **Consistency:** Unless otherwise stated, the Group adopts consistent methodologies and retrieves social and environmental KPIs from the Group's internal record system. The scope of reporting and KPIs are consistent with those of the previous ESG reports to allow meaningful comparisons over time.

REPORTING BOUNDARY

- The Company
- ZONE Telecom
- ZONE Limited
- Shenzhen Haikuo
- GWBR

The Group defines the scope of this ESG report based on its discreet analysis of its business operations during the Year. The Group's awareness on greenhouse gas ("**GHG**") emissions and climate change is ever increasing, we focus on improving our data collection system and expanding our disclosure scope. The Group considers that these five Key Operations are relatively significant from environmental and social perspectives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. Stakeholders are welcomed to provide their suggestions or share their views with the Group through any channel below to help the Group improve its ESG performance:

Email: investor@gwt.hk

Website: <http://www.gwt.hk/contact/contact.htm>

Address: Room 1903, 19/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong.

Phone: +852 2522 3800

Fax: +852 2111 2665

The following sections provide more information about the Group's practices in the areas of the environment, employees' engagement and development, good operating practices and contribution to the community.

STAKEHOLDERS' ENGAGEMENT

In order to define the current and future sustainability strategies, it is important to understand stakeholders' expectations on the development and success of the Group and assess the potential impact of the future business activities.

The Group will continue to establish effective communication with the major stakeholders in various ways in order to deal with their concerns and provide feedback in a timely manner. It is believed that it is necessary to consider the needs of all stakeholders, which is conducive to maintaining a long-term courteous relationship with Shareholders and investors, employees, customers and public bodies. The areas of concern considered by the stakeholders are listed below:

Major Stakeholder	Major Communication Channels	Major Concerns
Shareholders and Investors	<ul style="list-style-type: none">• Press Release, Corporate Announcements and Circulars• Annual and Interim Reports• General Meetings• Investor Mailbox	<ul style="list-style-type: none">• Business Development Plan• Financial and Business Stability• Information Disclosure and Transparency• Profitability
Employees	<ul style="list-style-type: none">• Trainings and Team Bonding Activities• Business Meetings and Briefings• Performance Appraisals	<ul style="list-style-type: none">• Career Development and Training Opportunities• Compensation and Benefits• Healthy & Safe Working Environment• Personal Data Protection and Security
Public Community	<ul style="list-style-type: none">• Community Interactions• Marketing	<ul style="list-style-type: none">• Corporate Social Responsibilities• Community Investment and Charitable Activities
Government and Supervisory Institutions	<ul style="list-style-type: none">• Compliance Reports• Major Meetings and Policy Consultations• Information Disclosures• Examinations and Inspections	<ul style="list-style-type: none">• Compliance Operation• Corporate Governance• Environmental Protection
Environment	<ul style="list-style-type: none">• ESG Report	<ul style="list-style-type: none">• Energy Saving and Emission Reduction• Mitigation Measures
Customers	<ul style="list-style-type: none">• Business Communication• Customer Feedback	<ul style="list-style-type: none">• Information Security• Products and Services Quality

During the Year, through various communication channels, the Group has learnt the concerns from the major stakeholders, including environmental and energy saving measures, compliance operation, information disclosure, privacy protection and community involvement.

A. ENVIRONMENTAL

The Group has established a set of environmental protection measures to ensure the sustainable development and operation of the Group. In order to pursue the sustainable development of the environment and community, the Group is becoming more and more cautious in controlling its emissions and resources consumption and strictly abides by the relevant environmental laws and regulations of different countries in where the Group has daily operations.

This section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, environment and natural resources during the Year.

A1. EMISSIONS

The Group is committed to reducing its energy consumption, GHG emissions, water consumption and waste footprint by high efficiency and green development concept. The awareness of environment protection is integrated in the strategies and the operational procedures of the Group.

During the Year, the Group did not have any cases of material non-compliance relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste as required by the applicable laws and regulations. The Group also did not receive any complaints in relation to environment protection.

Types of Emissions

Due to the nature of the Group's businesses, no significant air emission, discharge into water or land were reported in relation to its operations in Hong Kong, Singapore and the PRC during the Year. No substantial hazardous waste was produced by the Group in Hong Kong, Singapore and the PRC during the Year.

During the Year, the amount of air emissions of the Group has no significant changes as compared with the preceding year. The Group actively uses conference call system platforms and email discussions to replace unnecessary business travels for reduced emissions.

GHG Emissions

During the Year, 22.76 tonnes (2023: 19.35 tonnes) of carbon dioxide equivalent (tCO₂e), which included carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons, were emitted by the Group. The increase in GHG emissions during the Year as compared to 2023 was mainly due to the increase in electricity consumption as a result of the full-year effect of leasing of an additional office in Hong Kong during the Year versus nine months in 2023 and the full-year effect of operation in an additional warehouse in Hong Kong during the Year versus five months in 2023. The Group has also encouraged its staff to use electronic form of documents to reduce the use of paper. The intensity was 0.03 tCO₂e/m² (2023: 0.03 tCO₂e/m²), or 0.88 tCO₂e/employee (2023: 0.69 tCO₂e/employee). The increase in intensity per employee was mainly due to the increase in GHG emissions during the Year.

The Group has strictly complied with the relevant laws and regulations in relation to GHG emissions.

GHG emission by scope

		2024 Emissions (tCO₂e)	2023 Emissions (tCO₂e)	% Change
Scope 1 Direct emission	N/A (Note 1)	N/A	N/A	N/A
Scope 2 Indirect emission	Purchased electricity (Note 2)	21.50	16.66	29.1%
Scope 3 Other indirect emission	Business air travel (Note 2)	0.66	2.03	-67.5%
	Paper waste disposed at landfills (Note 2)	0.60	0.66	-9.1%
Total		22.76	19.35	17.6%

Note 1: No direct emission due to the nature of the Group's businesses.

Note 2: Emission factors were made reference to Appendix C2 to the Listing Rules and its referred documentation as set out by the Stock Exchange, unless stated otherwise.

The increase in indirect emission was mainly due to the increase in electricity consumption. For details, please refer to sub-section namely "Energy Consumption" of section A2 of this ESG report.

The sharp decrease in other indirect emission was mainly due to less frequent business air travel of employees during the Year, and the change in employees' habit to use more electronic documents instead of paper documents.

Hazardous Waste Produced

The Group produced 0 kg (2023: 0 kg) of hazardous waste in 2024. The intensity was 0 kg/m² (2023: 0 kg/m²), or 0 kg/employee (2023: 0 kg/employee) during the Year.

The Group sets a target to maintain the hazardous waste produced at a minimum level for the coming years.

Non-hazardous Waste Produced and Paper Consumption

During the Year, the Group generated 0 kg (2023: 0 kg) of non-hazardous waste. The intensity was 0 kg/m² (2023: 0 kg/m²), or 0 kg/employee (2023: 0 kg/employee).

The Group sets a target to maintain the non-hazardous waste produced at a minimum level for the coming years.

Measures to Mitigate Emissions

The Group has offered tips and guidelines for efficient use of energy, which can be found in the "Waste Handling and Reduction Initiatives" section of this ESG report. The major source of the Group's air emissions is from electricity consumption. The Group has adopted the measures as stated in the "Energy Use Efficiency Initiatives" section of this ESG report to reduce the electricity consumption.

The Group sets a target for the year 2025 that the GHG emission will remain at a similar level as in 2024.

Waste Handling and Reduction Initiatives

Though the Group did not generate a significant amount of waste due to its business nature, waste reduction and responsible waste disposal are a priority of the Group's management approach. Since 2015, the Group has been awarded the Excellence Level Certificate for its continuous commitment in establishing waste reduction measures and goals.

In addition, the Group has adopted a number of waste reduction measures to protect the environment:

- To encourage the use of both sides of papers when printing and photocopying;
- To encourage the use of electronic documents instead of paper printing;
- To engage a third-party confidential document destruction service provider for recycling of destructured documents;
- To place recycled boxes for the collection of used papers in the office area; and
- To encourage reuse of envelopes for the internal post with new labels.

The Group distributes office memo through email to promote the adoption of green initiatives to all staff on a regular basis.

Through the above mitigation measures, the Group believes that they will change the behaviour on the use of resources in its workplaces and help to achieve the goal of waste reduction in the coming years.

The Group will continue to explore opportunities to participate in other schemes and programmes to contribute more in achieving sustainability.

A2. USE OF RESOURCES

The Group strives to use resources effectively and minimise the discharge of wastes. In the ordinary course of business, the Group has implemented various energy saving and emission reduction measures. Apart from the waste reduction actions mentioned above, the other relevant examples are as follows:

Reduce:

- Less printout for client communications and corporate materials;
- Procurement of office supplies across departments to avoid unnecessary purchases and disposals;
- To encourage employees to switch off the lights, air-conditioning and computer monitor after office hours or when they are not in use;

Reuse:

- Reuse of office equipment;

Recycle:

- Recycling of used paper, plastic bottles and metal cans;
- Take part in festival recycling activities (e.g. red-pocket, candy and biscuit boxes recycling during the Lunar New Year and mooncake boxes recycling during the Mid-autumn Festival);
- Waste stream segregation; and
- Staff training and behavioural change.

The Group is aware that resources shall be preserved. It has established guidelines on the efficient use of energy and water for daily operational purposes.

Energy Consumption

In 2024, the Group consumed an equivalent of 30,329 kWh energy (2023: 23,528 kWh energy), with an intensity of 45.35 kWh/m² (2023: 35.71 kWh/m²), or 1,166.50 kWh/employee (2023: 840.29 kWh/employee). The increase in energy consumption during the Year as compared with 2023 was mainly due to the increase in electricity consumption as a result of the full-year effect of leasing an additional office in Hong Kong during the Year versus nine months in 2023 and the full-year effect of operation in an additional warehouse in Hong Kong during the Year versus five months in 2023.

Energy consumption was mainly composed of electricity in the office and warehouse. The Group also promotes energy-saving measures in office and warehouse area.

Water Consumption

Water consumption within the offices in Hong Kong, Singapore and the PRC was managed by the property management office, so the information was not readily available. If there are any information available to the Group, they would keep the information for the future use in the ESG report.

Energy Use Efficiency Initiatives

In order to achieve higher energy efficiency, the Group implemented the following key measures during the Year:

- Promoting the consciousness of saving electricity. The Group consciously develops good habits of power consumption among its employees and timely discourages the behaviour of wasting electricity. "Save Energy" stickers are affixed near the switches as a reminder;
- Using lighting reasonably. When there are fewer people in offices, employees are encouraged to turn on the lights as little as possible or only turn on the overhead lights. The last person leaving the office will be responsible to switch off the lights; and
- Turning off or putting in energy-saving mode of electrical appliances including computers, printers and other equipment which are not in use to avoid unnecessary power consumption.

As the emission from energy consumption is mainly in relation to the electricity used for daily operations of our offices, the Group strives to reduce electricity consumption by the above measures and sets a target for the year 2025 that the energy consumption will remain at a similar level as in 2024.

Water Use Efficiency Initiatives

Although an insignificant amount of water is consumed in the ordinary course of the Group's business, the Group understands the importance of conserving water and advocates within the workplace several water saving practices.

During the Year, the Group did not have any issues in sourcing water that is fit for purpose.

Packaging Material

The Group used packaging materials for the E-Commerce Business during the Year. Total packaging materials used were approximately 70.60 kg (2023: 48.46 kg), with an intensity of 0.11 kg/m² (2023: 0.07 kg/m²), or 2.72 kg/employee (2023: 1.73 kg/employee). Such increase was mainly due to the increase of units of products sold for the E-Commerce Business during the Year as compared with 2023.

The Group uses suitable size of packaging materials to avoid oversized packaging and minimise the impact to the environment.

A3. THE ENVIRONMENT AND NATURAL RESOURCES

Significant Impact of Activities on the Environment

Due to the nature of the Group's businesses, no significant environmental issue was noted in the business activities during the Year. However, the Group is well aware that its daily operational activities still generate emissions and consumes resources. The Group is working on various sustainable development activities to ensure that the resources are used effectively in the ordinary course of business.

To minimise its impact on the environment, the Group is committed to carrying out environmental protection measures. The Group will pay attention to relevant laws and regulations and continue reviewing its policies and practices to eliminate any risks involved.

There will be more concerns from local government and international community over carbon emissions, the Group will act in accordance with the ESG provisions as set out and revised by the Stock Exchange from time to time. The Group will continue to report environmental KPIs and information as well as social information in accordance with the provisions.

The Group is not aware of any material non-compliance matters relating to use of resources and the Group had in all material aspects complied with all relevant environment rules and regulations in Hong Kong, Singapore and the PRC during the Year.

A4. CLIMATE CHANGE

Global warming has been one of the utmost concerned issues in recent years, which might induce extreme weather conditions such as storms, flooding and earthquakes, etc. During the Year, the Group had not been seriously affected by the extreme weather conditions as the Group adopted various emergency plans to prevent the disruption of the Group's operation such as working arrangement in black rainstorm warning and/or typhoon signal no. 8 situation. Even though the Group expected that potential extreme weather condition and the sustained high temperature do not have a material impact on its operations, the Group will continue to monitor the climate-related risks and implement relevant measures to mitigate the potential impact of climate change.

B. SOCIAL

B1. EMPLOYMENT

The Group has always considered talents as its most valuable resource and asset. The Group respects and protects the statutory rights and interests of employees, provides a fair career development platform, cares about its employees' physical and mental health, and joins hands with employees to realise sustainable development.

The Group has developed sound employment policies covering the requirements and standards of recruitment to ensure the efficient management of human resources.

The Group is committed to implementing the remuneration distribution principles based on performance, efficiency and fairness. On top of labour basic salary, the Group may pay performance bonuses in accordance with employees' performance and the Group's business performance. In order to maintain a competitive remuneration package, the Group carries out evaluation and adjustment on remuneration every year with reference to the average salary, business performance and the industry practice of the relevant place of operation, so as to attract and retain talents.

During the Year, the Group complied with all relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The Group is not aware of any material non-compliance matters or any violation of employment and labour-related regulations during the Year.

Employee Engagement

The Group has outlined the general procedures and practices of the Group related to employment, compensation and benefits in its employee handbook. In order to ensure diversity and equality, the selection process is non-discriminatory and is solely based on the employee's performance, experience and skills.

The Group adopts bilateral communications policy. Employees have several channels to express their concerns and communicate with management as outlined as follows:

- Emails – the Group conveys general information, for instances, new hires, activities, policies and procedures updates to all employees;
- Meetings – the Group holds meetings, where the management representatives and employees can together share their views on the Group's policies and business operations;
- Instant messaging tools – the Group sets up chatrooms in the widely used mobile communication platforms, such as WhatsApp and WeChat, to facilitate and encourage communications; and
- Other bonding activities – the Group encourages casual gatherings, for example, holding celebratory parties at Christmas, where employees are encouraged to establish closer ties.

Remuneration and Benefits

The Group offers a wide range of incentives to the employees, including competitive salaries and proper insurance coverage. The Group may also distribute bonuses to employees based on their contribution to the Group's performance throughout the Year. These incentives and benefits are benchmarked against industry peers, ensuring that the Group continues to be a destination for quality talents.

Additionally, the Group aims to offer additional benefits to its employees including, but not limited to, medical and dental allowances, annual body check allowance, paid paternity and maternity leave, as well as training and education subsidies. Some other benefits that are provided, including:

- Shortened working hours on certain days of festivals, such as the Chinese Winter Solstice Festival, Mid-autumn Festival, New Year Eve and Chinese New Year Eve;
- Marriage leave; and
- Compassionate leave.

Recruitment, Promotion and Dismissal

The Group has developed a fair recruitment and promotion policy that prohibits infringement to equal employment opportunity or unfair treatment. As such, the Group strictly enforces an anti-discrimination policy and has zero tolerance for harassment in any form. All decisions in relation to recruitment, promotion, and dismissal shall be concluded based on the candidates'/employees' experience, ability, capacity, background, and irrespective of their race, gender, religious belief, social origin or identity, age, physical condition and marital status, etc.

The Group conducts objective and comprehensive assessment to evaluate employees' working ability and performance, and provide basis for employees' promotion, transfer of position or salary increment. The Group is committed to providing competitive salary and other benefits in order to retain and motivate the talents. The remuneration scheme is reviewed annually with reference to the market practices as well as experience and performance of the staff. The working hours, leaves and other statutory requirements such as social insurance are all in compliance with the applicable laws and regulations.

The Group also welcomes employees to discuss their targets and expectations in job advancement and career development with the management if they have any ideas or difficulties regarding their job.

There were no non-compliance cases in relation to employment laws and regulations during the Year.

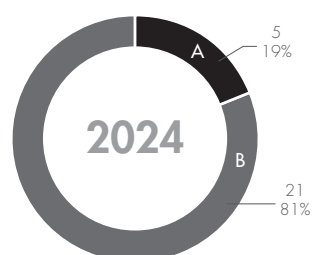
Rest Days and Holidays

The Group provides employees according to the employee category with various paid leaves and holidays including statutory holidays, maternity or paternity leaves, study and examination leaves, marriage leaves and annual leaves.

Total Workforce

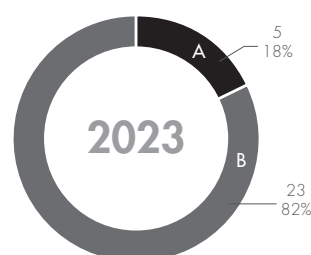
As of 31 December 2024, the Group had 26 employees (2023: 28 employees), 100% (2023: 100%) of which worked full-time.

Total workforce by employee category
(Number of employees)



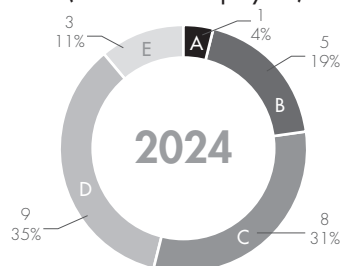
A-Senior Management B-Other Staff

Total workforce by employee category
(Number of employees)



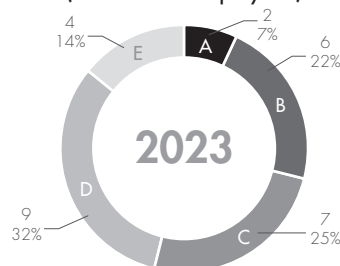
A-Senior Management B-Other Staff

Total workforce by age group
(Number of employees)



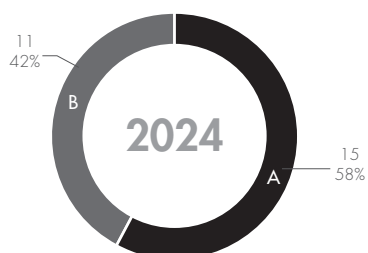
A-18-25 B-26-35 C-36-45 D-46-55 E-56 or above

Total workforce by age group
(Number of employees)



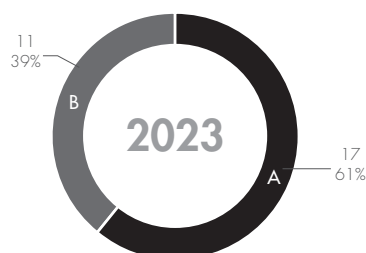
A-18-25 B-26-35 C-36-45 D-46-55 E-56 or above

Total workforce by gender
(Number of employees)



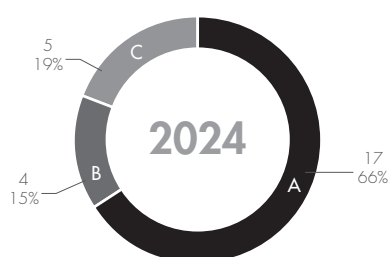
A-Male B-Female

Total workforce by gender
(Number of employees)



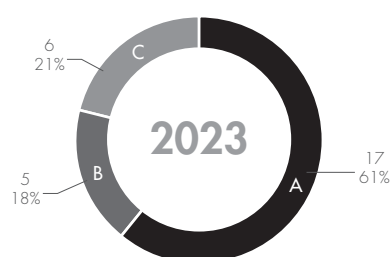
A-Male B-Female

Total workforce by geographical location
(Number of employees)



A-HK B-the PRC C-Singapore

Total workforce by geographical location
(Number of employees)



A-HK B-the PRC C-Singapore

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Turnover

During the Year, 8 employees (2023: 9 employees) left the Group, contributing to a turnover rate of 29.6% (2023: 34.0%).

Summary of employee data		Number of employees resigned in Year 2024	Turnover rates
By gender	Male	4	25.0%
	Female	4	36.4%
By age	Aged 18-25	1	66.7%
	Aged 26-35	4	72.7%
	Aged 36-45	1	13.3%
	Aged 46-55	1	11.1%
	Aged 56 or above	1	28.6%
By geographical region	Hong Kong	3	17.6%
	the PRC	3	66.7%
	Singapore	2	36.4%

Note 1: Turnover rate: number of employees in the specified category resigned during the Year/average number of employees in the specified category during the Year x 100%

B2. EMPLOYEE HEALTH AND SAFETY

Health and safety in the workplace is part of the duty of care for employees. The Group has complied with all laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards, and strives to eliminate any risks associated with the operations. As a responsible employer, the Group is committed to reducing accidents, illness and risks in the workplace, promoting the health of its employees, so as to reduce the absence rate and employee turnover rate. The Group focuses on major areas to minimise occupational hazards and health and safety risks:

- Smoking is strictly prohibited in the office area;
- Employees should carefully check the electric switches, door and window locks, etc. before going off duty to eliminate the hidden dangers;
- No one is allowed to repair electrical appliances or other office equipment without proper training;
- Employees who continue to act in an unsafe manner will face disciplinary actions; and
- Employees must strive to improve the sanitary environment in the workplace and comply with health care and sanitation measures.

During the past three years, the Group did not receive any report of non-compliance cases regarding employee health and safety and did not record any work-related fatalities nor any lost days due to work injuries.

The Group shows its genuine care for its employees. To prevent the spread of influenza, COVID-19 and other diseases that could be prone to spread among staff in office from time to time, the Group has taken precautionary measures to protect the health of employees:

- Face masks, hand sanitisers and alcohol pads are provided to all employees and available at workplace areas;
- Infrared thermometer is available at workplace to monitor the body temperature of employees and visitors if necessary;
- Sanitation and space disinfection are frequently carried out to maintain the hygiene of workplace; and
- Staff members are encouraged to use on-line meetings instead of face-to-face meetings.

During the Year, no substantial safety hazards are involved within the workplace.

As a general practice, the Group ensures that the first aid kits and medicines are available and placed in offices for any emergencies.

The Group:

- Cleans carpets and water dispensers regularly; and
- Reviews its health and safety policies and practices regularly.

B3. DEVELOPMENT AND TRAINING

The Group strives to foster a positive working environment where all individuals are supported and given the opportunity to develop to their fullest potential. The Group believes that having a team of talents cultivated by themselves is a key for an enterprise to develop sustainably.

In order to achieve that, the Group offers opportunities for employees to develop their knowledge and skills in personal and professional trainings, through:

- Peer learning and on-the-job coaching;
- Reimbursing employees the fee of external training courses to enhance their competencies in performing their jobs; and
- Providing paid sabbatical leaves, such as for attending examinations or acquiring professional qualifications, which are relevant to the industries or job positions.

The Group continually reviews training and education needs of employees, assists employees to plan their career development, and encourages employees to participate in professional lectures, seminars and training courses to enhance their ability and knowledge.

Percentage of Employees Trained and Average Training Hours Completed

The Group has actively encouraged professional staff to participate in continuous professional development to maintain and improve their work skills and knowledge. The staff received a total of 128 training hours during the Year, and details of training hours (categorised by gender and employee categories) are shown below:

Occupational training data		2024
Percentage of employees trained by gender	Male	46.7%
	Female	18.2%
Percentage of employees trained by employee category	Senior management	100.0%
	Other staff	19.0%
Training hours of employees by gender	Male	99.5
	Female	28.5
Training hours of employees by employee category	Senior management	44.0
	Other staff	84.0
Average training hours of employees by gender	Male	6.6
	Female	2.6
Average training hours of employees by employee category	Senior management	8.8
	Other staff	4.0

B4. LABOUR STANDARDS**Labour Practice and Employment**

The Group highly values and protects our employees' human rights and benefits. It has strictly complied with all legal regulations and has implemented a series of internal policies laid down by our human resources department. In line with the employment laws in Hong Kong, Singapore and the PRC, all employees of the Group in Hong Kong are covered by the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong); all the employees in Singapore are covered by the Employment Act (Chapter 91 of the Singapore Statutes) and Central Provident Fund Act (Chapter 36 of the Singapore Statutes); and all the employees in the PRC are covered by the Labour Law, Labour Contract Law, Employment Promotion Law and Labour Dispute Mediation and the Arbitration Law of the PRC.

Remuneration less than the minimum wage are prohibited according to the relevant local and national laws and regulations.

Measures Taken to Avoid Child and Forced Labour

The Group strictly abides by the relevant employment and labour laws and regulations and has never employed any child labour or forced labour. The Group ensures that its employees enjoy their fundamental rights related to labour. The Group monitors the recruitment process frequently to prevent the occurrence of illegal conduct.

The Group did not discover any material non-compliance matters of labour rights and labour-related laws and regulations during the Year.

B5. SUPPLY CHAIN MANAGEMENT**Supplier Identification, Evaluation and Selection**

The supply chain of the Group comprises mainly of equipment and service providers for the telecommunications business and vendors for office equipment.

The selection criteria of suppliers should be objective and quantifiable, so as to ensure that the process of supplier selection is fair and equitable. The factors to be considered in the supplier selection include price, quality, delivery reliability, anti-corruption, after-sales service, etc. These processes help to identify the most suitable supplier and maximise the economic benefits of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the number of suppliers is listed as below:

Number of suppliers by region	2024
Singapore	31
Hong Kong	16
PRC	2
Thailand	2
Malaysia	1
Germany	1
Australia	1
New Zealand	1
US	1
	<hr/>
	56

Supplier Monitoring

The Group adheres to good communication, effective cooperation and joint development with suppliers when engaging its suppliers. By maintaining close and frequent communications, the Group is able to strengthen its cooperation and trust with suppliers, so as to enhance the Group's capability to request environmentally friendly products from suppliers.

The Group is not aware that any of these suppliers will constitute significant environmental and social risks to its businesses. The Group strives to provide quality services to its customers and has complied with the relevant laws and regulations.

The Group pays attention to the environmental awareness of its suppliers and prefers to engage suppliers who endeavour to reduce carbon emissions from their operations.

B6. PRODUCT/SERVICE RESPONSIBILITY

The Group aims to provide high value-added telecommunication services with the highest degree of integrity to clients at competitive rates.

Intellectual Property

No significant issue related to intellectual property rights was noted for the Year. However, the Group is aware that relevant steps should be taken to follow all relevant regulations in order to protect intellectual properties which belong to itself or any other third parties. The Group follows the legitimate intellectual property application procedures in Hong Kong for its new logo and trademark. All of the software and information used in our daily business operations are with legal licenses and we only procure genuine products.

Quality Assurance

To improve and maintain the quality of products and services provided, the Group pays attention to all complaints received via established communication channels, and reviews customers' opinions and comments regarding the products sold. Based on such feedbacks, the Group carries out investigations, writes reports and takes corrective measures to ensure that the quality of its products are top-notch.

During the Year, there were no products recalled for safety and health reasons. Recall procedures are considered not material to the Group due to its nature of products and services provided. The Group did not violate or breach any laws and regulations relating to product responsibility.

Data Protection

Protecting data privacy of customers is one of the Group's priorities. In order to protect personal information and prevent information leakage, the Group has implemented a number of measures in regard of data privacy.

At the operational level, data-protection software is installed on employees' computers. The software requires employees to renew their login passwords after certain intervals, and carries out regular updates on its own. The computer system is kept secured from cyber-attacks by installation of firewall.

At the corporate level, the Group is also committed to safeguarding data protection. Unauthorised access to customer information is prohibited by restricting access to the database, which is controlled by granting rights only after careful examination and assigning them to designated management staff.

Regarding paper documents, the Group adopts control to ensure secured access. Shredding facilities are available for the destruction of confidential paper documents.

During the Year, the Group has complied with Personal Data (Privacy) Ordinance of Hong Kong (Chapter 486 of the Laws of Hong Kong) and the relevant laws and regulations of different countries. The Group was not aware of any circumstances of customers' personal data being stolen, altered, damaged or leaked out during the Year.

Handling of Complaints

The Group has established policies and procedures for handling complaints including reviewing all customer complaints, collecting evidence and providing feedback and suggestions on general complaints.

During the Year, there were a total of 153 complaints and 152 complaints having been handled and resolved respectively. The remaining complaint was in the progress of being resolved as at the end of the Year. Upon receiving the complaints, the Group will investigate in a timely manner and take corrective measures accordingly. Further actions to improve our operating procedures and services will be taken if necessary.

B7. ANTI-CORRUPTION

The Group maintains and effectively implements a comprehensive system of internal control and stringent policies for anti-corruption, and is committed to preventing and monitoring any malpractices or unethical practice.

The Group is in compliance with all applicable anti-bribery and corruption laws including the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) in Hong Kong as well as all the relevant anti-corruption laws in Singapore and the PRC. The Group has also applied the Corporate Governance Code as the basis in formulating the internal rules and regulations for integrity discipline and clean administration. The Group will adhere to its corporate ethics and uphold its reputation to prevent corruption.

Preventive Measures and Whistle-blowing Procedures

To prevent corruptive practices and raise employees' awareness regarding such matter, the expectations and appropriate procedures of engaging third parties, and standards relating to anti-bribery and anti-corruption are set out in the Anti-corruption and Bribery Policy.

The Anti-corruption and Bribery Policy covers definitions and requirements concerned with various topics, including but not limited to those related to:

- Avoidance of conflict of interest and standards of integrity;
- No attempt to circumvent any anti-corruption and bribery provisions; and
- Restrictions on the offer, solicitation or acceptance of advantages.

Employees, who are found breaching the Group's code and policies will be investigated and may be subject to warning, suspension, termination of contract, dismissal and disciplinary discharge.

In addition, a whistleblowing policy has been established to provide employees with guidance and channels for the reporting of fraud, corruption, bribery, criminal offences, conflict of interest and other non-compliances with the laws, regulations and internal controls or other forms of misconducts without fear of adverse consequences.

The policy provides a set of transparent and confidential procedures for dealing with the concerns raised by each employee and is fully supported by management and approved by the Board.

Suspected non-compliance issues may be reported to the head of department who is also required to notify any concerns to the Audit Committee on a timely basis. According to this policy, the identities of employees who reported in good faith will be kept confidentially and protected by the Group without any form of retaliation, harassment or victimisation.

During the Year, there were no violations of laws and regulations related to bribery, extortion, fraud and money laundering. The Group was not involved in any corruption litigation.

Anti-corruption training material had been circulated among all Directors and employees of the Group during the Year in accordance with the applicable laws of the relevant jurisdictions to enhance their knowledge and awareness on such issue.

B8. COMMUNITY INVESTMENT

The Group believes that running a successful business is about achieving economic viability and fulfilling social responsibility. Therefore, it strives to nurture a culture of care and mutual support amongst its employees and encourages them to participate in volunteer work. In 2024, the Company organised a coastal cleanup activity at a public beach for the participation of Hong Kong staff to encourage protection of marine environment. In particular, the Group focuses on addressing the environmental concerns by encouraging its employees to participate in recycling activities. In 2024, the Company organised recycling activities (mooncake boxes, red pockets, candy and biscuit boxes etc.) for its employees to contribute to sustainable community development while enjoying the festivals. The Group will continue to review its policies and explore potential areas of contribution for community investment, sponsorship and donation activities.

DIRECTORS' REPORT

The Board is pleased to present this annual report together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Company's subsidiaries are the provision of telecommunication and related services, information technology and property investment business. A list of the Company's principal subsidiaries as of 31 December 2024 and their particulars are set out in note 17 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Company for the Year is set out in the sections headed "Financial Highlights", "Chairman's Statement", "Business Review", "Financial Review", "Corporate Governance Report" and "Environmental, Social and Governance Report" on page 3, page 4, pages 5 to 7, pages 8 to 9, pages 12 to 27 and pages 28 to 46 respectively of this annual report. An analysis of the Group's performance for the Year by segment is set out in note 6 to the consolidated financial statements.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out on page 131 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the aggregate revenue attributable to the five largest customers of the Group accounted for approximately 91.4% of the Group's total revenue, with the largest customer accounting for approximately 30.1% of the Group's total revenue.

For the Year, the aggregate purchases attributable to the five largest suppliers of the Group accounted for approximately 93.8% of the Group's total purchases, with the largest supplier accounting for approximately 31.7% of the Group's total purchases.

During the Year, none of the Directors or any of their close associates or any Shareholder (which to the knowledge of the Directors own more than 5% of the Company's total issued share capital) had any interests in any of the Group's five largest customers or suppliers mentioned above.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the investment properties held by the Group during the Year are set out in note 15 to the consolidated financial statements.

BANK LOAN

Details of bank loan of the Group as at 31 December 2024 are set out in note 26 to the consolidated financial statements.

RESULTS

The Group's results for the Year are set out in the consolidated statement of profit or loss on page 59 of this annual report.

DIRECTORS' REPORT

DIVIDEND AND DIVIDEND POLICY

The Board does not recommend the payment of a final dividend for the Year (2023: nil).

The Company has a dividend policy which sets out the principles and guidelines in relation to the declaration, payment and distribution of the Company's net profits as dividends to its Shareholders. Pursuant to the Company's dividend policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall consider the following factors: (a) the Group's actual and expected financial results, (b) the Group's working capital requirements, capital expenditure requirements and future expansion plans, (c) the Group's liquidity position, (d) contractual restrictions on payment of dividends by the Group to its Shareholders, (e) the general economic conditions and other external factors that may have an impact on the future business and financial performance of the Group, and (f) any other factors that the Board may consider relevant. The payment of the dividend by the Company is also subject to any restrictions under the Bye-laws, the Companies Act 1981 of Bermuda and other applicable laws and regulations. The Board shall review the dividend policy as appropriate from time to time.

RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in note 34(A) to the consolidated financial statements and the consolidated statement of changes in equity on page 63 of this annual report respectively.

As at 31 December 2024 and 2023, there were no reserves available for distribution to Shareholders.

SHARE CAPITAL

Details of movements in share capital of the Company are set out in note 29 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme (the "**Share Option Scheme**") of the Company disclosed in the section headed "Share Option Scheme" below, no equity-linked agreement was entered into by the Company during the Year or subsisted as at 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

TAX RELIEF

The Company is not aware of any relief from taxation available to Shareholders by reason of their holdings in the shares of the Company.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

SHARE OPTION SCHEME

The Share Option Scheme is valid and effective for a period of 10 years until 27 June 2028. The scheme mandate limit of the Share Option Scheme has been refreshed upon the Shareholders' approval at the annual general meeting of the Company held on 31 May 2022, which allowed the Company to grant up to 157,542,000 share options pursuant to the Share Option Scheme, details of which were disclosed in the Company's circular dated 27 April 2022 and announcement dated 31 May 2022. Upon the share consolidation becoming effective on 9 June 2023, where every ten (10) issued and unissued then existing shares of the Company were consolidated into one (1) consolidated share, the maximum number of share options which can be granted under the Share Option Scheme amounts to 15,754,200, representing 8% of the issued shares of the Company as at the date of this annual report. A summary of the principal terms of the Share Option Scheme is set out in the circular of the Company dated 28 May 2018 and in note 30 to the consolidated financial statements.

No share option had been granted or agreed to be granted under the Share Option Scheme during the Year and no share options were outstanding as at 31 December 2024. No options were ever granted under the Share Option Scheme.

At the beginning and the end of the Year, the total number of share options that can be granted under the Share Option Scheme was 15,754,200, which represented 8% of the issued share capital of the Company at such dates.

DIRECTORS

The Directors who were in office during the Year and up to the date of this annual report are:

EXECUTIVE DIRECTORS

Cheung Siu Fai (*Chairman and Acting Chief Executive Officer*)
Hui Chun Wai Henry

INDEPENDENT NON-EXECUTIVE DIRECTORS

Fong Wai Ho
Chow Hiu Tung
Dong Jianmei (*appointed with effect from 21 November 2024*)
Cheung Sze Ming (*resigned with effect from 21 November 2024*)

Biographical details of the Directors as of the date of this annual report are set out in the section headed "Directors' Biographical Details" on pages 10 to 11 of this annual report.

The Company has received from each of the independent non-executive Directors an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules, and the Company has assessed their independence and considers all the independent non-executive Directors to be independent.

CHANGES IN INFORMATION OF THE DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors are set out below:

- (a) Mr. Cheung has resigned from the positions of director and legal representative of Shenzhen Haikuo with effect from 4 November 2024.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Details of the Directors' remuneration are set out in note 11 to the consolidated financial statements.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, the "SFO") as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Name of Director	Capacity	Number of Shares [#] interested	Approximate percentage of shareholding
Cheung Siu Fai	Interest of a controlled corporation	135,589,342 (Note 1)	68.85% (Note 2)
	Beneficial owner	900,000	0.46%

[#] "Shares" means ordinary shares of HK\$0.10 each in the share capital of the Company.

Notes:

- The 135,589,342 Shares are beneficially owned by Beta Dynamic which is wholly and beneficially owned by Mr. Cheung. Mr. Cheung is also the sole director of Beta Dynamic. Besides, the 135,589,342 Shares were also subject to stock borrowing arrangements between Beta Dynamic (as lender) and Hammer Capital Ventures Limited ("Hammer Capital", which is also wholly and beneficially owned by Mr. Cheung) (as borrower) pursuant to a securities borrowing and lending agreement dated 29 September 2022. On 28 June 2023, Beta Dynamic has lent 70,000,000 Shares to Hammer Capital. On 18 July 2023, Beta Dynamic has further lent 65,589,342 Shares, in aggregate of 135,589,342 Shares, to Hammer Capital.
- The percentage of shareholding was calculated based on 196,927,500 Shares, being the total issued share capital of the Company as at 31 December 2024.

All interests disclosed above represent long positions in the shares of the Company and there were no underlying shares or debentures of the Company held by the Directors or the chief executives of the Company as at 31 December 2024.

INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF ASSOCIATED CORPORATIONS

Name of Director	Name of associated corporation	Capacity	Number of shares held by Director and the percentage of interests in the share capital of the associated corporation
Cheung Siu Fai	Beta Dynamic (Note 3)	Beneficial owner	130,000 shares, 100%

Note:

- Beta Dynamic, which holds more than 50% of the total issued share capital of the Company, is the holding company of the Company and thus an associated corporation of the Company under the SFO.

All interests disclosed above represent long positions.

Save as disclosed above, as at 31 December 2024, none of the Directors or the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither the Company nor any of its subsidiaries was a party to any arrangements to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during or at the end of the Year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the interests and short positions of the persons, other than the Directors or the chief executives of the Company, in the shares and underlying shares of the Company as required to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholder	Capacity	Number of Shares [#] interested	Approximate percentage of shareholding
Beta Dynamic	Beneficial owner	135,589,342 (Note 1 above)	68.85% (Note 2 above)

[#] "Shares" means ordinary shares of HK\$0.10 each in the share capital of the Company.

All interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, as at 31 December 2024, no other person, other than the Directors or the chief executives of the Company, had any interests or short positions in the shares and underlying shares of the Company as required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 26 (2023: 28) employees, including Directors, in Hong Kong, Singapore and the PRC and its total staff costs for the Year were approximately HK\$13.6 million (2023: approximately HK\$14.5 million).

The Group's remuneration policies are formulated on the basis of the performance and experience of individual employees and are in line with local market practices where the Group operates. In addition to salary and bonus payments, the Group also offers other fringe benefits, including provident fund and medical benefits, to employees. The Share Option Scheme as set out in the above section headed "Share Option Scheme" was adopted by the Company on 28 June 2018 to provide incentive to Directors and employees of the Group. Directors' remuneration is decided by the Remuneration Committee, with regard to the Company's operating results, individual performance and comparable market statistics. The Group also provides relevant trainings to its employees in accordance with the skill requirements of different positions.

RETIREMENT BENEFIT SCHEMES

Details of the Group's retirement benefit schemes are set out in note 3 to the consolidated financial statements.

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, each Director or other officer of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she shall or may incur or sustain in or about the execution and discharge of his or her duties or in relation thereto. The Company has maintained appropriate directors and officers liability insurance that provides such indemnities to all Directors and other officers of the Company.

MANAGEMENT CONTRACT

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the Year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed below, no transaction, arrangement or contract that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or a connected entity of a Director had, directly or indirectly, a material interest subsisted at any time during or at the end of the Year.

LOANS FROM A DIRECTOR

On 20 February 2024, the Company and Mr. Cheung entered into a loan agreement pursuant to which Mr. Cheung agreed to provide an unsecured loan in the principal amount of up to HK\$16,500,000 to the Company with interest accruing at the rate of 9.8% per annum. The principal and interest accrued under the loan are repayable on demand. The Company had drawn HK\$15,600,000 of the loan facility and had not made any repayment during the Year. The outstanding amount in relation to the loan was HK\$15,600,000 as at 31 December 2024.

On 23 September 2024, the Company and Mr. Cheung entered into another loan agreement pursuant to which Mr. Cheung agreed to provide an unsecured loan in the principal amount of up to HK\$11,000,000 to the Company with interest accruing at the rate of 9.8% per annum. The principal and interest accrued under the loan are repayable on demand. The Company had drawn HK\$8,000,000 of the loan facility and had not made any repayment during the Year. The outstanding amount in relation to the loan was HK\$8,000,000 as at 31 December 2024.

Mr. Cheung was an executive Director at the time when he signed the relevant loan agreements. Therefore, the above loan agreements constituted connected transactions of the Company under Chapter 14A of the Listing Rules. Since the above loans are conducted on normal commercial terms or better and are not secured by any assets of the Group, pursuant to Rule 14A.90 of the Listing Rules, these loans are fully exempt from the announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

LOANS FROM FORMER DIRECTORS

On 30 August 2019, the Company and two former Directors, namely Mr. Zhao Ruiyong and Mr. Cheung Ka Heng Frankie, had entered into two loan agreements (which were subsequently amended by certain supplemental agreements). The loans under these loan agreements are interest-free and the Company is not required to provide any security or guarantee in respect of the loans. There is no movement on balance of approximately HK\$2,378,000 and HK\$3,332,000 under these loan agreements with Mr. Zhao Ruiyong and Mr. Cheung Ka Heng Frankie, respectively since the year ended 31 December 2020.

The above loans from the said former Directors constituted connected transactions of the Company under Chapter 14A of the Listing Rules when the relevant loan agreements were entered into. Since the above loans are conducted on normal commercial terms or better and are not secured by any assets of the Group, pursuant to Rule 14A.90 of the Listing Rules, these loans were fully exempt from the announcement and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The repayments of the said loans have been set aside pending the resolution of matters between the Group and those former Directors.

Since Mr. Zhao Ruiyong and Mr. Cheung Ka Heng Frankie were removed as Directors on 31 May 2021, they ceased to be connected persons of the Company on 1 June 2022 (12 months after they had ceased to be Directors). Accordingly, the loans from Mr. Zhao Ruiyong and Mr. Cheung Ka Heng Frankie as abovementioned have ceased to be connected transactions for the Company from 1 June 2022 (one year after Mr. Zhao Ruiyong and Mr. Cheung Ka Heng Frankie had ceased to be connected persons). Thus these loans were no longer considered as connected transactions under Chapter 14A of the Listing Rules for the Year.

Details of the above loans from a Director and former Directors are also disclosed in note 25(b) and 25(c) to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

The related party transactions entered into by the Company and subsisting during the Year are set out in note 33 to the consolidated financial statements. Other than the transactions referred to in note 25(b) and 33(C) to the consolidated financial statements, the related party transactions do not fall under the definition of "connected transaction" or "continuing connected transaction" under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the Year.

RELATIONSHIP WITH CUSTOMERS

Maintaining and consolidating its relationship with customers is crucial to increasing the profits of the Company. When entering into business relationship with customers, the Group has adopted various methods to collect and report their needs and expectations and taken proactive and corresponding measures for improvement. The results of such measures were reviewed and feedbacks were provided to the customers. The main duties include recording verbal feedbacks, opinions, suggestions, complaints or praises of customers when communicating with the customers.

RELATIONSHIP WITH SUPPLIERS

On one hand, we maintain a good relationship with suppliers with a focus on services and addressing issues through cooperation and negotiation as well as sharing cost to create a long-term win-win situation.

On the other hand, we maintain moderate "competition" with suppliers. As counterparties to transactions, we have had multiple negotiations regarding transaction prices due to the parties both being insistent on matters related to their principles. We have established a management mechanism system for suppliers to reduce procurement costs.

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises that employees, customers, business associates and the local community are key stakeholders of the Group's success. The Group has put effort to achieve corporate sustainability through engaging employees, providing quality services to customers and collaborating with business associates (including suppliers and contractors) to deliver sustainable products and services and support the local community.

For more detailed information, please refer to the "Environmental, Social and Governance Report" on pages 28 to 46 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, at least 25% of the Company's total issued share capital is held by the public as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant subsequent events of the Group requiring disclosure after the reporting period and up to the date of this annual report.

AUDITOR

The financial statements for the Year have been audited by Confucius International CPA Limited, which will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting of the Company.

DIRECTORS' REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE PERFORMANCE

The Group is committed to achieving high standards of ESG performance and meeting all applicable legal requirements in the markets where we operate. This is an important foundation for the Group to engage with our stakeholders and grow our business responsibly and sustainably. In addition, the Group attaches great importance to the employee development, environmental protection and supplier management.

Over the years, the Group has made considerable endeavours in reducing waste in the course of its operations. Since 2015, the Company has participated in the "Wastewi\$e Certificate" of the HKGOC, which is a recognition scheme established by, among others, the Environmental Protection Department and Environmental Campaign Committee to encourage Hong Kong businesses and organisations in adopting structured measures to reduce the amount of waste generated within their establishments or generated through the services and products they provide.

More information about the Group's ESG performance is set out in the section headed "Environmental, Social and Governance Report" on pages 28 to 46 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group is subject to various laws and regulations including the Companies Law of Bermuda, the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong), Telecommunications Ordinance (Cap. 106), Personal Data (Privacy) Ordinance (Cap. 486) and Employment Ordinance (Cap. 57), and, with respect to Singapore, Telecommunications Act (Cap. 323), Info-communications Media Development Authority Act 2016, Personal Data Protection Act 2012, Companies Act (Cap. 50) and Employment Act (Cap. 91). In addition, as the Group engages business in the PRC, compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, and with respect to all the above jurisdictions, the Listing Rules. All these laws, rules and regulations have significant impact on the Group's business operation in Hong Kong, Singapore and the PRC during the Year. Through the implementation of internal controls and approval procedures, the Group has complied in all material respects with relevant laws and regulations that have significant impact on the operations of the Group for the Year.

On behalf of the Board

Cheung Siu Fai

Chairman and Executive Director

Hong Kong, 20 March 2025

INDEPENDENT AUDITOR'S REPORT



天健國際會計師事務所有限公司

Confucius International CPA Limited

Certified Public Accountants

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TO THE MEMBERS OF GREAT WALL TERROIR HOLDINGS LIMITED

長城天下控股有限公司

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Great Wall Terroir Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 59 to 130, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The accompanying consolidated financial statements for the year ended 31 December 2024 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 3 to the consolidated financial statements which indicated that the Group incurred a net loss attributable to owners of the Company of approximately HK\$25,650,000 for the year ended 31 December 2024, and as at the same date, the Group’s current liabilities exceeded its current assets by approximately HK\$42,949,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. As explained in the consolidated financial statements, these consolidated financial statements have been prepared on a going concern basis. The directors of the Company, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our audit opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
<p>Refer to note 15 to the consolidated financial statements.</p> <p>The Group had investment properties held by a subsidiary of HK\$44,400,000 as at 31 December 2024 (2023: HK\$49,800,000) for which a loss arising on change in fair value was recognised and presented as "Fair value loss on investment properties" in the consolidated statement of profit or loss and other comprehensive income. The fair value was determined by management with reference to the valuations performed by independent professional property valuer (the "Valuer") engaged by the Group.</p> <p>The valuations of investment properties involved significant judgements and estimates including:</p> <ul style="list-style-type: none">– the determination of valuation techniques;– assumptions of market conditions; and– the selection of different inputs in the models. <p>We found the key assumptions used in management's valuations of investment properties were supported by the available evidence.</p>	<p>Our procedures in relation to the valuations of the investment properties included:</p> <ul style="list-style-type: none">– evaluating the competence, capabilities, independence and objectivity of the Valuer;– obtaining and reviewing the valuation reports prepared by the Valuer;– discussing the valuation with management and the Valuer and challenging the key estimates adopted and inputs used in the valuation;– evaluating the valuation methodologies used and the appropriateness of the key assumptions and parameters based on our knowledge of other property valuations for similar types of properties; and– checking the accuracy and relevance of the input data used in the valuation on a sample basis.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE 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 HKFRSs issued by the HKICPA and the disclosure requirements of Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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 objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence, that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, action taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Confucius International CPA Limited

Certified Public Accountants

YIP YUEN NGA

Practising Certificate Number: P05908

Hong Kong

20 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	5		
– Contracts with customers		79,868	87,731
– Leases		1,344	1,344
Total revenue		81,212	89,075
Cost of sales		(76,043)	(84,012)
Gross profit		5,169	5,063
Other income, gains and losses	7	(5,340)	(7,986)
Selling and distribution expenses		(620)	(517)
Operation and administrative expenses		(24,083)	(30,201)
Reversal of (loss allowance), net on			
– Trade receivables	38(C)	454	(564)
– Other receivables	38(C)	(36)	(101)
Write-off of trade receivables		(22)	(145)
Write-off of other receivables		–	(95)
Net unrealised loss on financial assets at fair value through profit or loss (“FVTPL”)		–	(1)
Gain on derecognition of a designated fair value through other comprehensive income (“FVTOCI”)		889	–
Finance costs	8(a)	(1,865)	(513)
Loss before taxation	8	(25,454)	(35,060)
Income tax expense	9	(196)	(193)
Loss for the year attributable to owners of the Company		(25,650)	(35,253)
		HK cents	HK cents
Loss per share	12		
Basic and diluted		(13.0)	(17.9)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
Loss for the year	(25,650)	(35,253)
Other comprehensive (expense) income for the year		
<i>Item that will not be subsequently reclassified to profit or loss:</i>		
Designated FVTOCI		
– net movement in investment revaluation reserve	(908)	(23)
<i>Item that is or may be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of foreign subsidiaries	13	(7)
Other comprehensive expense for the year	(895)	(30)
Total comprehensive expense for the year attributable to owners of the Company	(26,545)	(35,283)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	13	276	81
Right-of-use assets	14	–	–
Investment properties	15	44,400	49,800
Interest in an associate	16	–	–
Designated FVTOCI	18	1,868	1,887
Other receivables	20	792	772
		47,336	52,540
Current assets			
Inventory	19	833	1,279
Trade and other receivables	20	12,592	13,189
Contract costs	21	305	314
Financial assets at FVTPL	22	10	10
Pledged bank deposits	23	158	161
Bank balances and cash	24	5,848	6,121
		19,746	21,074
Current liabilities			
Trade and other payables	25	50,785	28,156
Tax payables		1	56
Borrowing	26	8,672	9,000
Lease liabilities	27	3,237	3,402
		62,695	40,614
Net current liabilities		(42,949)	(19,540)
Total assets less current liabilities		4,387	33,000
Non-current liabilities			
Other payables	25	395	395
Lease liabilities	27	2,749	4,817
Deferred tax liabilities	28	204	204
		3,348	5,416
Net assets		1,039	27,584

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Capital and reserves			
Share capital	29	19,693	19,693
Reserves		(18,654)	7,891
Total equity		1,039	27,584

The consolidated financial statements on pages 59 to 130 were approved and authorised for issue by the board of directors of the Company on 20 March 2025 and are signed on its behalf by:

Mr. Cheung Siu Fai
DIRECTOR

Mr. Hui Chun Wai Henry
DIRECTOR

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company									
	Reserves									Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000 (Note 35(A))	Exchange reserve HK\$'000 (Note 35(B))	Investment revaluation reserve (Non-recycling) HK\$'000 (Note 35(C))	Capital redemption reserve HK\$'000 (Note 35(D))	Capital reserve HK\$'000 (Note 35(E))	Contributed surplus HK\$'000 (Note 35(F))	Accumulated losses HK\$'000	Total reserves HK\$'000	
At 1 January 2023	19,693	360,630	787	(5,890)	25	(64)	83,489	(395,803)	43,174	62,867
Loss for the year	–	–	–	–	–	–	–	(35,253)	(35,253)	(35,253)
Other comprehensive expense for the year <i>Item that will not be subsequently reclassified to profit or loss:</i>										
Fair value loss of designated FVTOCI <i>Item that is or may be subsequently reclassified to profit or loss:</i>	–	–	–	(23)	–	–	–	–	(23)	(23)
Exchange differences on translation of foreign subsidiaries	–	–	(7)	–	–	–	–	–	(7)	(7)
Total other comprehensive expense for the year	–	–	(7)	(23)	–	–	–	–	(30)	(30)
Total comprehensive expense for the year	–	–	(7)	(23)	–	–	–	(35,253)	(35,283)	(35,283)
At 31 December 2023 and 1 January 2024	19,693	360,630	780	(5,913)	25	(64)	83,489	(431,056)	7,891	27,584
Loss for the year	–	–	–	–	–	–	–	(25,650)	(25,650)	(25,650)
Other comprehensive (expense) income for the year <i>Item that will not be subsequently reclassified to profit or loss:</i>										
Fair value loss of designated FVTOCI <i>Item that is or may be subsequently reclassified to profit or loss:</i>	–	–	–	(908)	–	–	–	–	(908)	(908)
Exchange differences on translation of foreign subsidiaries	–	–	13	–	–	–	–	–	13	13
Total other comprehensive income (expense) for the year	–	–	13	(908)	–	–	–	–	(895)	(895)
Total comprehensive income (expense) for the year	–	–	13	(908)	–	–	–	(25,650)	(26,545)	(26,545)
Release of investment revaluation reserve upon derecognition of a designated FVTOCI	–	–	–	(122)	–	–	–	122	–	–
At 31 December 2024	19,693	360,630	793	(6,943)	25	(64)	83,489	(456,584)	(18,654)	1,039

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Operating activities			
Loss before taxation		(25,454)	(35,060)
Adjustments for:			
Interest income from bank	7	(8)	(153)
Other interest income		(63)	(43)
Finance costs	8(a)	1,865	513
(Reversal of) loss allowances on trade and other receivables, net		(418)	665
Fair value loss on investment properties	15	5,400	1,600
Depreciation of			
– property, plant and equipment	13	93	41
– right-of-use assets	14	1,147	1,522
Impairment losses on property, plant and equipment	13	–	108
Impairment losses on right-of-use assets	14	1,148	6,597
Net unrealised loss on financial assets at FVTPL		–	1
Write-off of trade and other receivables		22	240
Write-back of trade payables	7	–	(51)
Write-back of other payables	7	(1,068)	–
Gain on disposal of property, plant and equipment	7	(2)	(5)
Gain on derecognition of a designated FVTOCI		(889)	–
Net foreign exchange losses	7	12	41
Operating cash flows before movements in working capital		(18,215)	(23,984)
Decrease (increase) in inventory		446	(1,279)
Decrease (increase) in trade and other receivables		414	(8,231)
Increase in contract costs		(10)	(271)
Increase in trade and other payables		651	6,766
Cash used in operations		(16,714)	(26,999)
Interest received		8	153
Income tax paid		(251)	(262)
Net cash used in operating activities		(16,957)	(27,108)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Investing activities			
Purchase of property, plant and equipment	13	(295)	(136)
Proceeds from disposal of property, plant and equipment		9	5
(Placement) release of pledged deposits, net		(3)	441
Decrease in short-term bank deposits		–	9,000
Net cash (used in) generated from investing activities		(289)	9,310
Financing activities	36		
Loans from a director raised		23,600	–
Bank loan raised		–	9,000
Repayment of bank loan		(328)	–
Repayment of lease liabilities		(4,506)	(2,586)
Interest paid		(1,690)	(513)
Net cash generated from financing activities		17,076	5,901
Net decrease in cash and cash equivalents		(170)	(11,897)
Cash and cash equivalents at 1 January		6,121	18,031
Effect on exchange rate changes on cash and cash equivalents		(103)	(13)
Cash and cash equivalents at 31 December, represented by bank balances and cash	24	5,848	6,121

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Great Wall Terroir Holdings Limited (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the addresses of its principal place of business has been changed from Room 1005, 10/F., Tower Two, Lippo Centre, No. 89 Queensway, Hong Kong to Room 1903, 19/F., Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong since 9 December 2024.

The principal activity of the Company is investment holding. Details of the principal subsidiaries of the Company and their principal activities are disclosed in note 17 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

AMENDMENTS TO HKFRSs THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Company and its subsidiaries (the “**Group**”) has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

NEW AND AMENDMENTS TO HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7 and HKFRS 9	Classification and Measurement of Financial Instruments ²
Amendments to HKAS 28 and HKFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to HKAS 21	Lack of Exchangeability ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after 1 January 2025.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

⁴ Effective for annual periods beginning on or after a date to be determined.

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) (Cap. 622) and the applicable disclosures requirements of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with HKFRS 16 Leases (“**HKFRS 16**”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets (“**HKAS 36**”).

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.

For financial instruments and investment properties which are transferred at fair value and a valuation technique that unobservable inputs to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

GOING CONCERN

The Group incurred a net loss attributable to owners of the Company of approximately HK\$25,650,000 for the year ended 31 December 2024, and as at the same date, the Group's current liabilities exceeded its current assets by approximately HK\$42,949,000.

For the assessment of going concern, the directors of the Company are of the opinion that the Group would be able to continue as going concern as the Group has sufficient financial resources to support the operation of the Group in the foreseeable future, after taking into consideration of the followings:

- (a) A shareholder of the Company have granted a loan facility to the Group and undertaken to provide adequate funds to enable the Group to meet its liabilities and to pay financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without significant curtailment of operations for the twelve months from the date of this report;
- (b) The directors of the Company will strengthen and implement measures aiming at improving the working capital and cash flows of the Group, including closely monitoring the general administrative expenses and operating cost; and
- (c) The Group will seek to obtain additional new financial support including but not limited to borrowing loans, issuing additional equity or debt securities.

In view of the above measures, the directors of the Company are of the opinion that the Group will have adequate funds to meet its liabilities as and when they fall due for at least twelve months from the date of this report.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

BASIS OF CONSOLIDATION *(continued)*

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amounts of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary, that is reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Company's board of directors as its chief operating decision maker.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recognises revenue when (or as) a performance obligation is satisfied, that is when “control” of the goods or services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does 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.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, that is only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

REVENUE FROM CONTRACTS WITH CUSTOMERS *(continued)*

Contract costs

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its service contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

LEASES

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

LEASES *(continued)*

The Group as a lessee *(continued)*

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.

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.

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

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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 include:

- 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

LEASES *(continued)*

The Group as a lessee *(continued)*

Lease liabilities *(continued)*

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/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for "lease modification").

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 asset.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

LEASES *(continued)*

The Group as lessor *(continued)*

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

FOREIGN CURRENCIES

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on the disposal or partial disposal of the Group's interests in associates.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group, that is Hong Kong dollars, using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, that is a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, that is partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and are translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS

The Group other than overseas subsidiaries (including the People's Republic of China (the "PRC")) operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to 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, in accordance with the rules of the MPF Scheme.

For Long Service Payment ("LSP") obligation, the Group accounts for the employer Mandatory Provident Fund ("MPF") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measure on a net basis. The estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

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

The Group's subsidiary which operates in Singapore are required to contribute to the Central Provident Fund ("CPF") a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to CPF are charged to profit or loss in the period to which the contribution relates.

At the end of the reporting period, the Group had no significant forfeited voluntary contributions which arose as a result of employees leaving the MPF schemes and which are available to reduce the contributions payable by the Group in future years.

TAXATION

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before taxation because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

TAXATION *(continued)*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, which is always presumed to be recovered entirely through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

SHARE-BASED PAYMENTS

Equity-settled share-based payments transactions

Shares/Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to capital redemption reserve. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will continue to be held in share-based payments reserve/will be transferred to accumulated losses.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to capital redemption.

GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income or a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains and losses".

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment including leasehold improvements, equipment and office equipment, furniture and fittings are held for use in the production or supply of goods or services, or for administrative purposes and stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual value over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

IMPAIRMENT ON TANGIBLE ASSETS

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

IMPAIRMENT ON TANGIBLE ASSETS *(continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

INVESTMENT IN ASSOCIATES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operation policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

INVESTMENT IN ASSOCIATES *(continued)*

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any assets, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require the delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling of financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on the disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Other income, gains and losses" line item in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets *(continued)*

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "Other income, gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, pledged bank deposits and bank balances and cash) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on trade receivables are assessed individually for debtors with significant balances and/or collectively with internal credit ratings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial assets *(continued)*

Impairment of financial assets *(continued)*

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, for example, a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial assets *(continued)*

Impairment of financial assets *(continued)*

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over 2 years past due, whichever occurs sooner. Financial assets write-off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default, that is the magnitude of the loss if there is a default, and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in the estimation of ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'Other income, gains and losses' line item (note 7) as part of the net foreign exchange gains/(losses);

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial assets *(continued)*

Foreign exchange gains and losses *(continued)*

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in of net unrealised loss on financial assets at FVTPL; and
- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment revaluation reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

Financial liabilities and equity instrument

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, borrowing and lease liabilities are subsequently measured at amortised cost, using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial liabilities and equity instrument *(continued)*

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'Other income, gains and losses' line item in profit or loss (note 7) as part of net foreign exchange gains/(losses) for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in note 24 to the consolidated financial statements.

INVENTORY

Inventory is stated at the lower of cost and net realisable value. Cost of inventory is determined on first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

RELATED PARTIES

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

RELATED PARTIES *(continued)*

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

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) both entities are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personal services to the Group or to the Group's parent.

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

CONTINGENT ASSETS/LIABILITIES

Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the Group and they are not recognised in the consolidated financial statements. The Group assesses continually the development of contingent assets. If it has become virtually certain that an inflow of economic benefits will arise, the Group recognises the asset and the related income in the consolidated financial statements in the reporting period in which the change occurs.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern consideration

The directors of the Company have prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the foreseeable future, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgment by the directors, about the future outcome of events or conditions which are inherently uncertain. The directors consider that, after taking into account of all major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption as set out in note 3 to the consolidated financial statements, the Group has the capability to continue as a going concern.

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Loss allowance of ECL

The Group's management estimates the loss allowance on trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables. Details of the key assumption and inputs used in estimating ECL are set out in note 38 to the consolidated financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for property, plant and equipment and right-of-use assets at the end of each reporting period in accordance with the accounting policies as disclosed above. In determining whether these assets are impaired or the event previously causing the impairment no longer exists, the directors have to assess whether an event has occurred that may affect the assets value or such event affecting the assets value has not been in existence. If any such indication exists, the recoverable amounts of these assets would be determined by reference to value in use and fair value less costs of disposal. In determining the recoverable amounts of these assets, expected cash flows to be generated by the assets are discounted to their present value, which involves significant levels of estimates relating to sales volume, selling prices and other operating costs. When a decline in an asset's recoverable amount has occurred, the carrying amount is reduced to its estimated recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Impairment of investments

The Group assesses annually if investments in subsidiaries/an associate have suffered any impairment in accordance with HKAS 36 and follows the guidance of HKFRS 9 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the respective accounting policies. The assessment requires an estimation of future cash flows, including expected dividends, from the assets and the selection of appropriate discount rates. Future changes in financial performance and position of these entities would affect the estimation of impairment loss and cause the adjustments of their carrying amounts.

Discount rates for calculating lease liabilities as lessee

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discounts rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

Depreciation

The Group depreciates the property, plant and equipment and right-of-use assets with a finite useful life over their estimated useful life and after taking into account of their estimated residual values, using the straight-line method. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and right-of-use assets with a finite useful life. The residual values reflect the directors' estimated amount that the Group would currently obtain from the disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of their useful lives.

Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred tax on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Fair values of investment properties

Investment properties are stated at fair value based on the valuation performed by an independent professional valuer. The determination of the fair value involves certain assumptions of market conditions which are set out in note 15 to the consolidated financial statements.

In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to these assumptions, including the potential risk of market violation, policy, geopolitical and social changes or other unexpected incidents as a result of change in macroeconomic environment, would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

The directors of the Company have performed internal assessment on the risks of change in macroeconomic environment through performing sensitivity analysis in relation to the Group's investment properties.

As at 31 December 2024, the fair value of the Group's investment properties is HK\$44,400,000 (2023: HK\$49,800,000).

5. REVENUE

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers		
Income from telecommunication services	78,871	86,683
Income from information technology business ("IT business")	997	1,048
	79,868	87,731
Revenue from leases		
Lease payments that are fixed under operating lease	1,344	1,344
	81,212	89,075

The revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Telecommunication services		IT business		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
<i>Timing of revenue recognition:</i>						
– at a point in time	72,690	80,131	466	24	73,156	80,155
– over time	6,181	6,552	531	1,024	6,712	7,576
	78,871	86,683	997	1,048	79,868	87,731

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION

The Group's management, who are the chief operating decision makers, determine the operating segments for the purposes of resource allocation and performance assessment. The business segments of the Group comprise telecommunication services, IT business and property investment.

Segment results represent the results before taxation earned by each segment without allocation of central operating and administrative expenses. All assets are allocated to reportable segments other than unallocated assets which are mainly designated FVTOCI and financial assets at FVTPL. All liabilities are allocated to reportable segments other than corporate liabilities.

Analyses of the Group's segmental information by business and geographical segments during the years ended 31 December 2024 and 2023 are set out below.

(A) BY BUSINESS SEGMENTS

Segment results

	Telecommunication services		IT business		Property investment		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Revenue								
External sales	78,871	86,683	997	1,048	1,344	1,344	81,212	89,075
Results								
Segment results	(1,487)	(4,613)	(4,122)	(11,898)	(4,070)	(272)	(9,679)	(16,783)
Unallocated other operating income and expenses							(15,775)	(18,277)
Loss before taxation							(25,454)	(35,060)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION *(continued)*

(A) BY BUSINESS SEGMENTS *(continued)*

Segment assets and liabilities

	Telecommunication services		IT business		Property investment		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Assets								
Segment assets	14,275	15,119	2,036	2,862	44,796	50,454	61,107	68,435
Unallocated assets							5,975	5,179
Consolidated total assets							67,082	73,614
Liabilities								
Segment liabilities	(14,168)	(14,033)	(5,039)	(7,445)	(600)	(655)	(19,807)	(22,133)
Unallocated liabilities							(46,236)	(23,897)
Consolidated total liabilities							(66,043)	(46,030)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION *(continued)*

(A) BY BUSINESS SEGMENTS *(continued)*

Other segment information

	Telecommunication services		IT business		Property investment		Unallocated		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Addition to property, plants and equipment	–	108	16	21	–	–	279	7	295	136
Interest income from bank	4	10	1	–	2	4	1	139	8	153
Depreciation	–	–	(14)	(1,534)	(9)	(9)	(1,217)	(20)	(1,240)	(1,563)
Reversal of (loss allowances) on										
– Trade receivables	458	(565)	(4)	1	–	–	–	–	454	(564)
– Other receivables	(1)	(101)	–	–	–	–	(35)	–	(36)	(101)
Impairment losses on property, plants and equipment	–	(108)	–	–	–	–	–	–	–	(108)
Impairment losses on right-of-use assets	–	–	–	(6,597)	–	–	(1,148)	–	(1,148)	(6,597)
Net unrealised losses on financial assets at FVTPL	–	–	–	–	–	–	–	(1)	–	(1)
Write-off of										
– Trade receivables	(22)	(145)	–	–	–	–	–	–	(22)	(145)
– Other receivables	–	(95)	–	–	–	–	–	–	–	(95)
Fair value loss on investment properties	–	–	–	–	(5,400)	(1,600)	–	–	(5,400)	(1,600)
Gain (loss) on disposal of property, plants and equipment	6	5	–	–	–	–	(4)	–	2	5
Lease expenses on short-term lease	(259)	(252)	–	–	–	–	(360)	(240)	(619)	(492)

(B) BY GEOGRAPHICAL INFORMATION

The Group's operations are principally located in Hong Kong, Singapore and the PRC. The following table provides an analysis of the Group's revenue from external customers by geographical region in which the operations are located:

	Telecommunication services		IT business		Property investment		Total	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
<i>Geographical region:</i>								
– Hong Kong	958	19,516	997	1,048	1,344	1,344	3,299	21,908
– Singapore	53,506	47,953	–	–	–	–	53,506	47,953
– PRC	24,407	19,214	–	–	–	–	24,407	19,214
	78,871	86,683	997	1,048	1,344	1,344	81,212	89,075

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

6. SEGMENT INFORMATION *(continued)*

(B) BY GEOGRAPHICAL INFORMATION *(continued)*

The following is an analysis of the carrying amounts of non-current assets (excluding financial instruments) by geographical area in which the assets are located:

	2024 HK\$'000	2023 HK\$'000
Hong Kong	45,459	50,592
Singapore	–	41
PRC	9	20
	45,468	50,653

(C) INFORMATION ABOUT MAJOR CUSTOMERS

Revenue from external customers contributing 10% or more of the revenue from the telecommunication services segment is as follows.

	2024 HK\$'000	2023 HK\$'000
Customer A	23,738	20,038
Customer B	23,740	20,077
Customer C	–	10,704
Customer D	24,406	19,214

7. OTHER INCOME, GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Fair value loss on investment properties	(5,400)	(1,600)
Government subsidy	73	96
Gain on disposal of property, plant and equipment	2	5
Impairment losses on property, plant and equipment	–	(108)
Impairment losses on right-of-use assets	(1,148)	(6,597)
Interest income from bank	8	153
Net foreign exchange losses	(12)	(41)
Sundry income	69	55
Write-back of trade payables	–	51
Write-back of other payables	1,068	–
	(5,340)	(7,986)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

8. LOSS BEFORE TAXATION

Loss before taxation has been arrived at after charging (crediting) the following:

	2024 HK\$'000	2023 HK\$'000
(a) Finance costs		
Interest expenses on lease liabilities	441	404
Interest expenses on loans from a director	1,107	–
Interest expenses on borrowing	317	109
	1,865	513
(b) Other items		
Employee salaries and other benefits (including directors' emoluments)	12,770	13,779
Retirement benefit scheme contributions	840	720
Total staff costs	13,610	14,499
Gross rental income from investment properties	(1,344)	(1,344)
Less: direct operating expenses incurred for investment properties that generated rental income	3	3
	(1,341)	(1,341)
Auditor's remuneration:		
– audit services	910	1,037
– other services	110	125
Cost of services (included in cost of sales)	75,598	83,990
Cost of inventory sold (included in cost of sales)	445	22
Depreciation of:		
– property, plant and equipment	93	41
– right-of-use assets	1,147	1,522
Lease expenses on short-term leases	619	492
Net foreign exchange losses	12	41

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. TAXATION

	2024 HK\$'000	2023 HK\$'000
Current tax:		
Hong Kong Profits Tax		
Current year	(196)	(193)

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the years ended 31 December 2024 and 2023.

The Company's wholly-owned subsidiary in Singapore is subject to Corporate Income Tax at a rate of 17% (2023: 17%).

The Company's wholly-owned subsidiary in the PRC is subject to PRC Enterprise Income Tax rate of 25% (2023: 25%).

The tax charge for the years ended 31 December 2024 and 2023 can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before taxation	(25,454)	(35,060)
Notional tax on loss before taxation, calculated at the rates applicable in the jurisdictions concerned	(4,242)	(5,901)
Tax effect of expenses not deductible for tax purpose	3,925	4,530
Tax effect of income not taxable for tax purpose	(1,058)	(52)
Over-provision in respect of last year	(3)	(6)
Tax effect of tax losses not recognised as deferred tax asset	1,603	1,627
Tax effect of unrecognised temporary differences	(29)	(5)
Income tax expense for the year	196	193

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

9. TAXATION *(continued)*

At the end of the reporting period, the Group has unused tax losses of approximately HK\$268,749,000 (2023: HK\$260,292,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. Included in unused tax losses is an amount of approximately HK\$1,609,000 (2023: HK\$1,241,000) that will expire in one to five years. Other losses may be carried forward indefinitely.

Neither the tax losses nor the deductible temporary differences expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

10. DIVIDENDS

The board of directors of the Company does not recommend the payment of a dividend for the years ended 31 December 2024 and 2023.

11. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

(A) INFORMATION ABOUT THE BENEFITS OF DIRECTORS

(i) Directors' remuneration

The aggregate amounts of remuneration received and receivable by the Company's directors disclosed pursuant to the Listing Rules and the disclosure requirements of the HKCO are as follows:

For the year ended 31 December 2024

	Director fees HK\$'000	Salaries and other emoluments HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors					
Mr. Cheung Siu Fai	–	240	–	12	252
Mr. Hui Chun Wai Henry	–	240	–	12	252
Independent non-executive directors					
Mr. Fong Wai Ho	120	–	–	–	120
Mr. Chow Hiu Tung	120	–	–	–	120
Mr. Cheung Sze Ming (Note (a))	107	–	–	–	107
Ms. Dong Jianmei (Note (a))	13	–	–	–	13
Total remuneration	360	480	–	24	864

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION *(continued)*

(A) INFORMATION ABOUT THE BENEFITS OF DIRECTORS *(continued)*

(i) Directors' remuneration *(continued)*

For the year ended 31 December 2023

	Director fees HK\$'000	Salaries and other emoluments HK\$'000	Discretionary bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Executive directors					
Mr. Cheung Siu Fai	–	240	–	12	252
Mr. Hui Chun Wai Henry	–	240	–	12	252
Mr. Cheung Hung <i>(Note (b))</i>	–	1,087	–	17	1,104
Independent non-executive directors					
Mr. Fong Wai Ho	120	–	–	–	120
Mr. Chow Hiu Tung	120	–	–	–	120
Mr. Cheung Sze Ming	120	–	–	–	120
Total remuneration	360	1,567	–	41	1,968

Notes:

(a) Mr. Cheung Sze Ming was resigned and Ms. Dong Jianmei was appointed as independent non-executive director on 21 November 2024.

(b) Mr. Cheung Hung was appointed as executive director on 5 January 2023 and resigned as executive director on 30 November 2023.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the years ended 31 December 2024 and 2023.

(ii) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Company, body corporate controlled by such directors or entities connected with such directors that were entered into or subsisted during the years ended 31 December 2024 and 2023.

(iii) Directors' material interests in transactions, arrangements or contracts

After consideration, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

11. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION *(continued)*

(B) INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, there was no director (2023: a director) whose emolument is disclosed above. The aggregate of the emoluments in respect of the remaining five (2023: four) highest paid individuals, who are not directors, are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other emoluments	5,863	5,239
Retirement benefit scheme contributions	151	128
	6,014	5,367

The emoluments of the five (2023: four) individuals with the highest emoluments are within the following bands:

	2024 No. of individuals	2023 No. of individuals
Below HK\$1,000,000	3	2
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,000,001 to HK\$2,500,000	–	1
	5	4

During the years ended 31 December 2024 and 2023, no remuneration was paid by the Group to any of the five (2023: four) highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. There were no arrangements under which any of the five (2023: four) highest paid individuals waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

12. LOSS PER SHARE

The calculation of the loss per share for the year ended 31 December 2024 is based on the loss attributable to owners of the Company of approximately HK\$25,650,000 (2023: approximately HK\$35,253,000) and the number of ordinary shares of approximately 196,928,000 in issue during the years ended 31 December 2024 and 2023.

The Group has no dilutive potential ordinary shares in issue during the current and prior year and, therefore, the diluted loss per share is the same as basic loss per share for the both years presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Equipment HK\$'000	Office equipment, furniture and fittings HK\$'000	Total HK\$'000
Cost				
At 1 January 2023	48	6,714	19,968	26,730
Additions	–	–	136	136
Disposal	–	–	(6)	(6)
Exchange adjustments	–	115	341	456
At 31 December 2023 and 1 January 2024	48	6,829	20,439	27,316
Additions	–	–	295	295
Disposal	–	–	(102)	(102)
Exchange adjustments	–	(242)	(722)	(964)
At 31 December 2024	48	6,587	19,910	26,545
Depreciation and impairment				
At 1 January 2023	13	6,714	19,910	26,637
Depreciation	9	–	32	41
Impairment	–	–	108	108
Disposal	–	–	(6)	(6)
Exchange adjustments	–	115	340	455
At 31 December 2023 and 1 January 2024	22	6,829	20,384	27,235
Depreciation	9	–	84	93
Disposal	–	–	(95)	(95)
Exchange adjustments	–	(242)	(722)	(964)
At 31 December 2024	31	6,587	19,651	26,269
Carrying amount				
At 31 December 2024	17	–	259	276
At 31 December 2023	26	–	55	81

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Since the telecommunications business in Singapore recorded net losses in consecutive years, the office equipment, furniture and fittings associated with this business unit were tested for impairment. As the residual values of these office equipment, furniture and fittings were estimated to be nil, the carrying values of these assets were fully impaired. No impairment loss (2023: impairment loss of approximately HK\$108,000) was recognised in profit or loss during the year ended 31 December 2024.

The above items of property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the remaining lease terms
Equipment	20% - 33%
Office equipment, furniture and fittings	20% - 33%

14. RIGHT-OF-USE ASSETS

	Premises HK\$'000	
At 31 December 2024		
Carrying amount	–	
At 31 December 2023		
Carrying amount	–	
For the year ended 31 December 2024		
Depreciation charge	1,147	
Impairment loss recognised in profit or loss	1,148	
For the year ended 31 December 2023		
Depreciation charge	1,522	
Impairment loss recognised in profit or loss	6,597	
	2024 HK\$'000	2023 HK\$'000
Expenses relating short-term leases	619	492
Total cash outflow for leases	5,566	3,482
Additions to right-of-use assets	2,295	8,119

The Group leases various premises for its daily operations with lease terms ranging from two to four years. There are no extension and termination options on the lease for the years ended 31 December 2024 and 2023. The interest expenses on lease liabilities are set out in note 8(a) to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

14. RIGHT-OF-USE ASSETS *(continued)*

As at 31 December 2024, the management performed impairment assessment on right-of-use assets of the cash-generating unit in accordance with HKAS 36. The management estimated the recoverable amount of those cash-generating units of which these right-of-use assets have been allocated are lower than their carrying amount, impairment loss of approximately HK\$1,148,000 (2023: approximately HK\$6,597,000) was recognised for the year ended 31 December 2024.

RESTRICTION OR COVENANTS

In addition, lease liabilities of approximately HK\$5,986,000 (2023: approximately HK\$8,219,000) are recognised with related right-of-use assets, net of accumulated depreciation and accumulated impairment losses of nil (2023: nil) as at 31 December 2024. The lease arrangements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

LEASES COMMITTED

As at 31 December 2024, the Group did not enter into any new lease that have not yet commenced. As at 31 December 2023, the Group entered into new lease that have not yet commenced, with non-cancellable period of two years, there are no extension and termination options on such lease, the total future undiscounted cash flows over the non-cancellable period amounted to HK\$2,400,000.

15. INVESTMENT PROPERTIES

The Group leases out warehouses under operating leases with rental receivable monthly. The lease typically run for an initial period of 5 years, with unilateral rights to extend the lease beyond initial period held by lessee only.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entity. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	2024 HK\$'000	2023 HK\$'000
Fair value		
Balance at beginning of the year	49,800	51,400
Net decrease in fair value recognised in profit or loss	(5,400)	(1,600)
Balance at end of the year	44,400	49,800

The fair value of the Group's investment properties as at 31 December 2024 and 2023 have been arrived at on the basis of a valuation carried out on that date by Messrs. Ravia Global Appraisal Advisory Limited, an independent qualified professional valuer not connected to the Group.

In determining the fair value of the relevant properties, the management of the Company have determined the appropriate valuation techniques and inputs for fair value measurements.

The Group engages third party qualified valuer to perform the valuation. The management of the Company works closely with the qualified external valuer to establish the appropriate valuation techniques and inputs to the model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

15. INVESTMENT PROPERTIES *(continued)*

In estimating the fair value of the property, the highest and best use of the property is its current use. The fair values of certain investment properties have been adjusted to exclude prepaid or accrued operating lease income to avoid double counting.

	Valuation technique	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Industrial units located in Hong Kong	Direct comparison	Market unit rate, taking into account the recent transaction prices for similar properties adjusted for the nature, location and condition of the property, which ranged from HK\$9,237 to HK\$11,555 (2023: HK\$10,228 to HK\$13,609) per square-foot.	A significant increase in the market unit rate used would result in a significant increase in fair value, and vice versa.

The fair value measurement is categorised into Level 3 of the fair value hierarchy and there were no transfers into or out of Level 3 during the years end 31 December 2024 and 2023.

16. INTEREST IN AN ASSOCIATE

	2024 HK\$'000	2023 HK\$'000
Share of net assets	—	—

Details of an associate at the end of the reporting period are as follows:

Name of associate	Principal place of business/ incorporation	Particular of issued share capital/ registered capital	Proportion of value of registered and paid-up capital indirectly held by the Company		Principal activities
			2024	2023	
AsiaCloud (HK) Limited ("AsiaCloud")	Hong Kong	HK\$100,000	20%	20%	Provision of telecommunication services

UNRECOGNISED SHARE OF LOSSES OF ASSOCIATE

The Group's share of losses of AsiaCloud exceeds its investment cost. As at 31 December 2024 and 2023, share of net liabilities of AsiaCloud was limited to zero. The unrecognised share of profits of AsiaCloud for the current year and cumulatively unrecognised share of losses up to the end of the reporting period amounted to nil (2023: nil) and approximately HK\$1,607,000 (2023: approximately HK\$1,607,000) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

17. SUBSIDIARIES

Details of the major subsidiaries directly and indirectly held by the Company at the end of year are set out below:

Name of subsidiary	Place of incorporation/ operation	Particulars of issued share capital/registered capital	Effective ownership interest held by the Company				Principal activities
			Directly		Indirectly		
			2024	2023	2024	2023	
Great Wall Belt & Road International Limited	Hong Kong	HK\$1,000	100%	100%	–	–	Provision of IT services and e-Commerce business
Palico Development Limited	Hong Kong	HK\$10	100%	100%	–	–	Property investment
Shenzhen Haikuo Tianxia Technology Co., Ltd.* (深圳海闊天下科技有限公司 (Notes (i) & (ii)))	The PRC	Renminbi 3,500,000 (2023: Renminbi 2,000,000)	–	–	100%	100%	Provision of telecommunication services
ZONE Limited	Hong Kong	HK\$2	–	–	100%	100%	Provision of telecommunication services
ZONE Telecom Pte Ltd (Note (i))	Singapore	Singapore dollar 100,000	–	–	100%	100%	Provision of telecommunication services

Notes:

(i) Statutory audited financial statements are not audited by Confucius International CPA Limited.

(ii) Established in the PRC as wholly foreign owned enterprises under the PRC law.

* For identification purpose only.

The above summary includes those subsidiaries which, in the opinion of the Company's directors, principally affect the results or form a substantial portion of the net assets of the Group. The classes of shares held are ordinary shares unless otherwise stated. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. None of the subsidiaries had any debt securities in issue at any time during the years ended 31 December 2024 and 2023.

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For the year ended 31 December 2024

18. DESIGNATED FVTOCI

	Notes	2024 HK\$'000	2023 HK\$'000
Designated FVTOCI			
Listed equity investment, at fair value	(a)	187	–
Unlisted equity securities, at fair value	(b)	1,681	1,887
		1,868	1,887

Notes:

- (a) The above listed equity investment represents ordinary shares of an entity listed on the Nasdaq Stock Market. This investment is not held for trading, instead, it is held for long-term strategic purposes. The directors of the Company have elected to designate this equity investment as at FVTOCI as they believe that recognising short-term fluctuation in these investment's fair value in profit or loss would not be consistent with the Group's strategy of holding this investment for long-term purposes and realising their performance potential in the long run.
- (b) The above unlisted equity securities represent private entities incorporated in the British Virgin Islands and Hong Kong, which are engaged in the development of battery-powered electric vehicles in Italy, the PRC and Hong Kong. The directors of the Company have elected to designate these equity securities as at FVTOCI as these securities are held for long-term strategic purposes.

The details of fair value measurement are disclosed in note 39 to the consolidated financial statements.

19. INVENTORY

	2024 HK\$'000	2023 HK\$'000
Other consumables	833	1,279

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For the year ended 31 December 2024

20. TRADE AND OTHER RECEIVABLES

	Note	2024 HK\$'000	2023 HK\$'000
Trade receivables			
Trade receivables from contracts with customers		11,323	11,940
Loss allowances on trade receivables		(719)	(1,254)
		10,604	10,686
Other receivables			
Deposits		1,761	1,622
Prepayments		735	1,225
Other debtors	(a)	4,647	4,664
Deferred lease receivables		168	264
		7,311	7,775
Loss allowances on other receivables		(4,531)	(4,500)
		2,780	3,275
Total trade and other receivables		13,384	13,961
Analysed for reporting purpose as:			
Current assets		12,592	13,189
Non-current assets		792	772
		13,384	13,961

Note:

- (a) Included in other debtors as at 31 December 2024 was a receivable of approximately HK\$4,304,000 (2023: approximately HK\$4,304,000) due from a third party which was arising from the proceeds from the disposal of financial assets at FVTPL in 2017. Full loss allowance has been provided in previous years.

Information about the Group's exposure to credit risks and loss allowance on trade and other receivables is included in note 38 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. CONTRACT COSTS

	2024 HK\$'000	2023 HK\$'000
Costs to fulfil contracts	305	314

Contract costs capitalised relate to the service costs paid to service provider. Contract costs are recognised as part of cost of services in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related services is recognised. The amount of capitalised costs recognised in profit or loss during the year ended 31 December 2024 was approximately HK\$1,098,000 (2023: approximately HK\$711,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the years ended 31 December 2024 and 2023.

22. FINANCIAL ASSETS AT FVTPL

	2024 HK\$'000	2023 HK\$'000
Held for trading Equity investments listed in Hong Kong	10	10

The details of fair value measurement are disclosed in note 39 to the consolidated financial statements.

23. PLEDGED BANK DEPOSITS

As at 31 December 2024, the Group had pledged bank deposits amounting to approximately HK\$158,000 (2023: approximately HK\$161,000). At the end of the reporting period, bank guarantees of approximately HK\$153,000 (2023: approximately HK\$159,000) were issued to suppliers for operational requirements. The directors do not consider it is probable that a claim will be made against the Group under these guarantees. The amounts utilised by the Group at the end of the reporting period under these guarantees were approximately HK\$153,000 (2023: approximately HK\$159,000), representing the outstanding amounts payable to these suppliers.

24. BANK BALANCES AND CASH

	2024 HK\$'000	2023 HK\$'000
Cash at bank and in hand	5,848	6,121

Cash at bank earns interest at floating rates based on daily bank deposit rates.

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25. TRADE AND OTHER PAYABLES

	Notes	2024 HK\$'000	2023 HK\$'000
Trade payables	(a)	9,474	11,494
Other payables			
Accrued charges and other creditors		11,163	9,781
Contract liabilities		738	1,071
Deposit received		495	495
Loans from a director	(b)	23,600	–
Loans from former directors	(c)	5,710	5,710
		41,706	17,057
Total trade and other payables		51,180	28,551
Analysed for reporting purpose as:			
Current liabilities		50,785	28,156
Non-current liabilities		395	395
		51,180	28,551

Notes:

(a) Ageing analysis of trade payables by transaction date is summarised as follows:

	2024 HK\$'000	2023 HK\$'000
Less than 1 month	2,969	3,454
1 to 3 months	4,201	5,649
More than 3 months but less than 12 months	322	886
More than 12 months	1,982	1,505
	9,474	11,494

(b) As at 31 December 2024, the Group has outstanding loans from a director Mr. Cheung Siu Fai ("Mr. Cheung") of HK\$23,600,000 of which loans are unsecured, unguaranteed, interest bearing at the rate of 9.8% per annum and repayable on demand. As at 31 December 2023, the Group has no outstanding loan from a Director.

(c) As at 31 December 2024 and 2023, the Group has outstanding loans from former directors Mr. Zhao Ruiyong of approximately HK\$2,378,000 and Mr. Cheung Ka Heng Frankie of approximately HK\$3,332,000, both of which loans are unsecured, unguaranteed, interest-free and repayable on demand.

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For the year ended 31 December 2024

26. BORROWING

	2024 HK\$'000	2023 HK\$'000
Unsecured bank loan	8,672	9,000
The carrying amounts of the above bank loan that contain a repayment on demand clause (shown under current liabilities) are repayable as follows*:		
Within one year	1,021	325
Within a period of more than one year but not exceeding two years	1,053	1,000
Within a period of more than two years but not exceeding five years	3,353	3,226
Within a period of more than five years	3,245	4,449
	8,672	9,000

* The amounts due are based on scheduled repayment dates set out in the bank loan agreement.

The unsecured bank loan is guaranteed by HKMC Insurance under Small and Medium Enterprises Financing Scheme and personal guarantee given by Mr. Cheung, a director of the Company with interest bearing at the rate ranging from 3.00% to 3.63% (2023: 3.63%) per annum and repayable on 2032.

27. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Lease liabilities payable:		
Within one year	3,237	3,402
Within a period of more than one year but not exceeding two years	2,184	2,068
Within a period of more than two years but not exceeding five years	565	2,749
	5,986	8,219
Less: Amounts due for settlement within 12 months shown under current liabilities	(3,237)	(3,402)
Amounts due for settlement after 12 months shown under non-current liabilities	2,749	4,817

Lease liabilities as at 31 December 2024 are carried at weighted average incremental borrowing rate ranging from 5.63% to 5.88% (2023: 5.00% to 5.63%) per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

28. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation on investment properties HK\$'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	204

29. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
Balance as at 1 January 2023	12,000,000,000	120,000
Share Consolidation (<i>Note (a)</i>)	(10,800,000,000)	–
Balance as at 31 December 2023, 1 January 2024 and 31 December 2024	1,200,000,000	120,000
Issued and fully paid:		
Balance as at 1 January 2023	1,969,275,000	19,693
Share Consolidation (<i>Note (a)</i>)	(1,772,347,500)	–
Balance as at 31 December 2023, 1 January 2024 and 31 December 2024	196,927,500	19,693

Note:

- (a) Pursuant to an ordinary resolution passed by shareholders of the Company at the annual general meeting held on 7 June 2023, every ten (10) issued and unissued ordinary shares with a par value of HK\$0.01 each in the authorised and issued share capital of the Company were consolidated into one (1) ordinary share with a par value of HK\$0.1 each, which became effective on 9 June 2023 (the “**Share Consolidation**”). Details of the Share Consolidation are disclosed in the Company’s announcements dated 24 March 2023 and 8 June 2023 and circular dated 27 April 2023 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

30. SHARE OPTIONS

On 28 June 2018, the Company adopted a new share option scheme (the “**New Share Option Scheme**”), which superseded the share option scheme adopted on 20 May 2015 (the “**Old Share Option Scheme**”). Under the New Share Option Scheme, the directors of the Company may at their decision grant share options to (i) any director, employee, consultants, adviser, substantial shareholder and business partner of any company in the Group and/or (ii) any company wholly-owned by one or more persons belonging to any of the above class of participants. No share options have been granted by the Company under the New Share Option Scheme and the Old Share Option Scheme since adoption.

No share options were granted/forfeited/exercised during the years ended 31 December 2024 and 2023 and there were no share options outstanding/exercisable at the end of the reporting period.

SUMMARY OF PRINCIPAL TERMS

A summary of the principal terms of the New Share Option Scheme and procedures is as follows:

(i) Purpose

The New Share Option Scheme is designed to recognise, motivate and provide incentives to those who make contributions to the Group. The purpose of the New Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, or business partners of the Group and to promote the success of the business of the Group.

(ii) Maximum number of shares

The total number of shares in respect of which share options may be granted (together with share options exercised and then outstanding) under the New Share Option Scheme shall not in aggregate exceed 10% of the shares in issue as at the date of approval of the New Share Option Scheme unless shareholder approval has been obtained. The 10% limit may be refreshed at any time by obtaining approval of the shareholders in general meeting provided that the total number of shares that may be issued under New Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the shares in issue as at the date of approval of the refreshed limited. As at 31 December 2024 and 2023, there were no outstanding share options under the share option scheme adopted by the Company.

The maximum number of shares issued and which may fall to be issued upon the exercise of the share options granted under the New Share Option Scheme (including both exercised and outstanding share options) to each eligible participant shall not exceed 1% of the shares in issue for the time being in any 12 months period up to and including the date of grant.

As at 31 December 2024, the total number of shares available for issue under the New Share Option Scheme was 15,754,200 shares (2023: 15,754,200 shares), which represented 8% (2023: 8%) of the Company's issued share capital as at the end of the reporting period.

(iii) Exercise period and payment on acceptance of share options

A share option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the directors to each grantee, subject to a maximum period of 10 years from the date of grant. There is no minimum period for which an option must be held before it can be exercised.

A share option shall be deemed to have been granted and accepted and to have taken effect when the duplicate letter comprising acceptance of the offer of the grant of a share option duly signed by the grantee together with a remittance in favour of the Company of HK\$1.00 in consideration of the grant thereof is received by the Company on a business day not later than 14 days from the offer date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

30. SHARE OPTIONS *(continued)*

SUMMARY OF PRINCIPAL TERMS *(continued)*

(iv) Basis of determining the subscription price

Subject to the terms of the New Share Option Scheme and the provisions of the Listing Rules, the subscription price in respect of any share option shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets over the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share.

(v) Remaining life of the scheme

The New Share Option Scheme is valid and effective, at the discretion of the board of directors, subject to a maximum period of 10 years from the date of its adoption and will expire at the close of business on 27 June 2028.

31. OPERATING LEASING ARRANGEMENT

THE GROUP AS LESSOR

Investment properties held by the Group for rental purpose have committed leases with a lease term of 5 years.

Undiscounted lease payments receivable on lease are as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	1,440	1,440
In the second year	1,080	1,440
In the third year	–	1,080
	2,520	3,960

32. PLEDGED OF ASSETS

Except for pledged bank deposits, the Group had no significant pledge of assets as at 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

33. RELATED PARTY TRANSACTIONS

- (A) In addition to the transactions detailed elsewhere in the consolidated financial statements, during the years ended 31 December 2024 and 2023, the Group had the following transactions with a related party:

	2024 HK\$'000	2023 HK\$'000
Nature of transactions		
Interest expenses on loans from a director	1,107	–

- (B) Details of the balance with a related party at 31 December 2024 are set out in note 25(b) to the consolidated financial statements. There is no balance with a related party at 31 December 2023.

- (C) Remuneration for key management personnel (including directors) of the Group:

	2024 HK\$'000	2023 HK\$'000
Salaries, bonus, allowances and other short-term benefits	3,059	6,110
Contribution to defined contribution plans	60	95
	3,119	6,205

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the disclosure requirements of the HKCO, the statement of financial position of the Company and the movements in its reserves are set out below:

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Interests in subsidiaries		88,293	90,248
Current assets			
Other receivables		364	259
Bank balances and cash		2,494	1,369
		2,858	1,628
Current liabilities			
Other payables and accruals		29,743	7,134
Due to subsidiaries		156,263	156,283
Loans from former directors		5,710	5,710
		191,716	169,127
Net current liabilities		(188,858)	(167,499)
Net liabilities		(100,565)	(77,251)
Capital and reserves			
Share capital	29	19,693	19,693
Reserves	34(A)	(120,258)	(96,944)
Capital deficiency		(100,565)	(77,251)

The statement of financial position was approved and authorised for issue by the board of directors of the Company on 20 March 2025 and is signed on its behalf by

Mr. Cheung Siu Fai
DIRECTOR

Mr. Hui Chun Wai Henry
DIRECTOR

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

(A) MOVEMENTS OF THE RESERVES

	Share premium HK\$'000 <i>(Note 35(A))</i>	Capital redemption reserve HK\$'000 <i>(Note 35(D))</i>	Contributed surplus HK\$'000 <i>(Note 35(F))</i>	Accumulated losses HK\$'000	Total HK\$'000
As at 1 January 2023	360,630	25	83,489	(515,749)	(71,605)
Loss and total comprehensive expense for the year	–	–	–	(25,339)	(25,339)
As at 31 December 2023 and 1 January 2024	360,630	25	83,489	(541,088)	(96,944)
Loss and total comprehensive expense for the year	–	–	–	(23,314)	(23,314)
As at 31 December 2024	360,630	25	83,489	(564,402)	(120,258)

35. RESERVES

(A) SHARE PREMIUM

The application of share premium is governed by the Companies Act 1981 of Bermuda (as amended).

(B) EXCHANGE RESERVE

The exchange reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

(C) INVESTMENT REVALUATION RESERVE (NON-CYCLING)

Investment revaluation reserve comprises the accumulated gains and losses arising from the fair value change of designated FVTOCI and is dealt with in accordance with the accounting policies adopted.

(D) CAPITAL REDEMPTION RESERVE

Capital redemption reserve has been set up and is dealt with on repurchases and cancellations of the Company's own shares. The application of the capital redemption reserve is governed by Section 42A of the Companies Act 1981 of Bermuda (as amended).

(E) CAPITAL RESERVE

Capital reserve represents the difference between the fair value of consideration paid or received and the change in the carrying value of non-controlling interests of a subsidiary in circumstances where changes in the Group's ownership interests in the subsidiary do not result in a loss of control.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. RESERVES (continued)

(F) CONTRIBUTED SURPLUS

Contributed surplus represents the amounts transferred from the share premium account as a result of a capital reorganisation undertaken by the Company in November 2002. Under the Companies Act 1981 of Bermuda (as amended), contributed surplus is distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if there are reasonable grounds for believing that:

- (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

As at 31 December 2024 and 2023, there were no reserves available for distribution to the owners of the Company.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Details of the changes in the Group's liabilities from financing activities are as follows:

	Loans from a director HK\$'000	Interest payables HK\$'000	Bank loan HK\$'000	Loans from former directors HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
Year ended 31 December 2024						
At the beginning of the reporting period	–	–	9,000	5,710	8,219	22,929
Interest expenses	–	1,107	317	–	441	1,865
New lease entered	–	–	–	–	2,273	2,273
Net cash inflows (outflows):						
Loans from a director raised	23,600	–	–	–	–	23,600
Repayment of bank loan	–	–	(328)	–	–	(328)
Repayment of lease liabilities	–	–	–	–	(4,506)	(4,506)
Interest paid	–	(932)	(317)	–	(441)	(1,690)
At the end of the reporting period	23,600	175	8,672	5,710	5,986	44,143

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Bank loan HK\$'000	Loans from former directors HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
Year ended 31 December 2023				
At the beginning of the reporting period	–	5,710	2,820	8,530
Interest expenses	109	–	404	513
New lease entered	–	–	7,985	7,985
Net cash inflows (outflows):				
Bank loan raised	9,000	–	–	9,000
Repayment of lease liabilities	–	–	(2,586)	(2,586)
Interest paid	(109)	–	(404)	(513)
At the end of the reporting period	9,000	5,710	8,219	22,929

37. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern and to provide returns for shareholders. The Group manages its capital structure to maintain a balance between liquidity, investment and borrowings, and makes adjustments, including payment of dividends to shareholders or issues new shares in the light of changes in the economic environment. No changes were made in the Group's objectives, policies or processes in managing capital during the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's major financial instruments include designated FVTOCI, financial assets at FVTPL, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, borrowing and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including equity price risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

As at 31 December 2024

	Financial assets at amortised cost HK\$'000	Financial assets at FVTPL HK\$'000	Designated FVTOCI HK\$'000	Total HK\$'000
Assets as per consolidated statement of financial position				
Designated FVTOCI	–	–	1,868	1,868
Financial assets at FVTPL	–	10	–	10
Trade and other receivables	12,649	–	–	12,649
Pledged bank deposits	158	–	–	158
Bank balances and cash	5,848	–	–	5,848
	18,655	10	1,868	20,533
				Financial liabilities at amortised cost HK\$'000
Liabilities as per consolidated statement of financial position				
Trade and other payables				50,442
Borrowing				8,672
Lease liabilities				5,986
				65,100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

As at 31 December 2023

	Financial assets at amortised cost HK\$'000	Financial assets at FVTPL HK\$'000	Designated FVTOCI HK\$'000	Total HK\$'000
Assets as per consolidated statement of financial position				
Designated FVTOCI	–	–	1,887	1,887
Financial assets at FVTPL	–	10	–	10
Trade and other receivables	12,736	–	–	12,736
Pledged bank deposits	161	–	–	161
Bank balances and cash	6,121	–	–	6,121
	19,018	10	1,887	20,915
				Financial liabilities at amortised cost HK\$'000
Liabilities as per consolidated statement of financial position				
Trade and other payables				27,480
Borrowing				9,000
Lease liabilities				8,219
				44,699

(A) EQUITY PRICE RISK

The Group is exposed to price risks arising from equity investments held under financial assets at FVTPL amounted to approximately HK\$10,000 (2023: approximately HK\$10,000), which are held for trading purposes.

The Group is also exposed to price risk arising from designated FVTOCI amounted to approximately HK\$1,868,000 (2023: approximately HK\$1,887,000), which are held for strategic rather than trading purposes.

The sensitivity analysis has been determined based on the exposure to equity price risk of equity investments under financial assets at FVTPL. At the end of the reporting period, if the equity price had been 15% (2023: 15%) higher or lower while all other variables were held constant, the Group's net loss would decrease or increase by approximately HK\$2,000 (2023: approximately HK\$2,000) due to change in the fair value of financial assets at FVTPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(A) EQUITY PRICE RISK *(continued)*

The sensitivity analysis has also been determined based on the exposure to equity price risk of equity investments under designated FVTOCI. At the end of the reporting period, if the equity price to the valuation model had been 10% (2023: 10%) higher or lower while all other variables were held constant, the Group's net loss would have been unaffected since these equity investments are classified as designated FVTOCI. Investment revaluation reserve would increase or decrease by approximately HK\$187,000 (2023: approximately HK\$189,000) as a result of changes in fair value of designated FVTOCI.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant stock market index or the relevant risk variables over the period until the next annual end of the reporting period. The analysis is performed on the same basis for the year ended 31 December 2023.

(B) FOREIGN CURRENCY RISK

The Group is not exposed to significant foreign currency risk as most of its monetary assets and monetary liabilities are denominated in the functional currency of the individual group entity. The management is of the opinion that the Group's exposure to foreign currency risk is minimal. Accordingly, no foreign exchange risk sensitivity analysis is presented. The significant balance carried in the exchange reserve account is occasioned by the translation of the financial statements of the Group's subsidiaries into the presentation currency of the consolidated financial statements of the Group at each reporting date.

(C) CREDIT RISK

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

Trade receivables

Management of the Group has a credit limit policy in place and exposures to credit risks are monitored on an ongoing basis. In order to minimise credit risk, management of the Group has established credit limits, credit approvals and other monitoring procedures to ensure appropriate actions are taken to recover overdue debts.

The Group's credit terms on sales mainly ranged from 30 to 90 days. Included in trade and other receivables are trade receivables (net of loss allowances) with the following ageing analysis by transaction date:

	2024 HK\$'000	2023 HK\$'000
Less than 1 month	6,060	3,796
1 to 3 months	4,216	5,763
More than 3 months but less than 12 months	128	738
More than 12 months	200	389
	10,604	10,686

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(C) CREDIT RISK *(continued)*

Trade receivables *(continued)*

At the end of the reporting period, the Group had a concentration risk as 61% (2023: 79%) and 93% (2023: 87%) of the total trade receivables were made up by the Group's largest customer and the five largest customers' outstanding balances respectively.

The Group's customer base consists of a wide range of clients and the trade receivables are categorised by common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowances based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The expected loss rate used in the provision matrix is calculated for each category based on actual credit loss experience and adjusted for current and forward-looking factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's estimate on future economic conditions over the expected lives of the receivables. There was no change in the estimation techniques or significant assumptions made during the years ended 31 December 2024 and 2023.

The information about the exposure to credit risk and ECL for trade receivables using a provision matrix is summarised below.

	Telecommunication services					IT business				
	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowances HK\$'000	Credit-impaired	Net carrying amount HK\$'000	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowances HK\$'000	Credit-impaired	Net carrying amount HK\$'000
As at 31 December 2024										
Not past due	0.3	10,114	(26)	No	10,088	–	–	–	N/A	–
Less than 3 months past due	0.1	234	–	No	234	–	–	–	N/A	–
More than 3 months but less than 12 months past due	21.9	85	(19)	No	66	21.9	20	(4)	No	16
More than 12 months past due	77.0	870	(670)	Yes	200	–	–	–	N/A	–
		11,303	(715)		10,588		20	(4)		16
As at 31 December 2023										
Not past due	0.9	9,054	(80)	No	8,974	–	–	–	N/A	–
Less than 3 months past due	0.4	683	(3)	No	680	–	–	–	N/A	–
More than 3 months but less than 12 months past due	25.4	862	(219)	No	643	–	–	–	N/A	–
More than 12 months past due	71.0	1,341	(952)	Yes	389	–	–	–	N/A	–
		11,940	(1,254)		10,686		–	–		–

The Group does not hold any collateral over trade receivables as at 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(C) CREDIT RISK *(continued)*

Trade receivables *(continued)*

At the end of the reporting period, the Group recognised loss allowances of approximately HK\$719,000 (2023: approximately HK\$1,254,000) on the trade receivables. The movement in the loss allowances for trade receivables during the years ended 31 December 2024 and 2023 is summarised below.

	2024 HK\$'000	2023 HK\$'000
At the beginning of the reporting period	1,254	856
(Decrease) increase in allowance	(454)	564
Amount written off as uncollectible	(36)	(180)
Exchange adjustments	(45)	14
At the end of the reporting period	719	1,254

Other receivables

Management has credit risk policies in place for the deposits, deferred lease receivables and other debtors and the exposure to the credit risk is monitored on an ongoing basis. Also, the Group has other monitoring procedures to ensure that follow-up action is promptly taken to recover overdue debts.

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Group has taken into account the historical actual credit loss experience for the debtors and the financial position of the counterparties by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the years ended 31 December 2024 and 2023.

The Group has established the other receivables credit risk classification system and performs credit risk management based on other receivable classifications in one of two categories of internal credit rating. The information about the ECL for the other receivables as at 31 December 2024 and 2023 is summarised below. After considering the above factors, loss allowances of approximately HK\$36,000 (2023: approximately HK\$101,000) were recognised during the year ended 31 December 2024. As at 31 December 2024, loss allowances amounted to approximately HK\$4,531,000 (2023: approximately HK\$4,500,000).

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For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(C) CREDIT RISK *(continued)*

Other receivables *(continued)*

At 31 December 2024

Internal credit rating	Gross carrying amount HK\$'000	ECL	Loss allowances HK\$'000	Net carrying amount HK\$'000
Performing (<i>Note (i)</i>)	2,180	12-month	(135)	2,045
Underperforming (<i>Note (ii)</i>)	–	Lifetime	–	–
Not performing (credit impaired) (<i>Note (iii)</i>)	4,396	Lifetime	(4,396)	–
	6,576		(4,531)	2,045

At 31 December 2023

Internal credit rating	Gross carrying amount HK\$'000	ECL	Loss allowances HK\$'000	Net carrying amount HK\$'000
Performing (<i>Note (i)</i>)	2,154	12-month	(139)	2,015
Underperforming (<i>Note (ii)</i>)	92	Lifetime	(57)	35
Not performing (credit impaired) (<i>Note (iii)</i>)	4,304	Lifetime	(4,304)	–
	6,550		(4,500)	2,050

Notes:

- (i) Performing (normal credit quality) refers to the other receivables that have not had a significant increase in credit risk and ECL in the next 12 months will be recognised.
- (ii) Underperforming (significant increase in credit risk) refers to the other receivables that have had a significant increase in credit risk and for which the lifetime ECL will be recognised.
- (iii) Not performing (credit impaired) refers to the other receivables that have had past due or it become probable that a debtor will enter into bankruptcy, for which the lifetime ECL will be recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(C) CREDIT RISK *(continued)*

Other receivables *(continued)*

The movement in the loss allowances for the balances during the years ended 31 December 2024 and 2023 is summarised below.

	2024 HK\$'000	2023 HK\$'000
At the beginning of the reporting period	4,500	4,733
Increase in allowance	36	101
Amount written off as uncollectible	–	(340)
Exchange adjustments	(5)	6
At the end of the reporting period	4,531	4,500

Cash at banks

The credit risk on cash at banks balances is limited because majority of the counterparties are financial institutions with high credit-rating assigned by international credit-rating agencies and state-owned banks with good reputation. No loss allowances were recognised for the years ended 31 December 2024 and 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(D) LIQUIDITY RISK

Individual operating units within the Group are responsible for their own cash management. To minimise liquidity risks, management of the Group regularly reviews the current and expected liquidity requirements of operating units to ensure that they maintain sufficient reserves of cash to meet operational needs so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet their liquidity requirements in the short and longer terms.

The maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted payments is summarised below.

	Effective interest rate %	On demand or less than 1 month HK\$'000	1 to 3 months HK\$'000	3 to 12 months HK\$'000	More than 1 year HK\$'000	Total contractual undiscounted cash flow HK\$'000	Total carrying value HK\$'000
As at 31 December 2024							
Trade and other payables	–	50,047	–	–	395	50,442	50,442
Borrowing	3.00 to 3.63	8,672	–	–	–	8,672	8,672
Lease liabilities	5.63 to 5.88	289	578	2,603	2,838	6,308	5,986
Bank guarantee commitments	–	153	–	–	–	153	–
		59,161	578	2,603	3,233	65,575	65,100
As at 31 December 2023							
Trade and other payables	–	27,085	–	–	395	27,480	27,480
Borrowing	3.63	9,000	–	–	–	9,000	9,000
Lease liabilities	5.00 to 5.63	312	625	2,810	5,108	8,855	8,219
Bank guarantee commitments	–	159	–	–	–	159	–
		36,556	625	2,810	5,503	45,494	44,699

Borrowing with a repayment on demand clause are included in the “On demand or less than 1 month” time band in the above maturity analysis. As at 31 December 2024, the aggregate carrying amount of the bank loan is approximately HK\$8,672,000 (2023: HK\$9,000,000). The directors of the Company do not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The directors of the Company believe that such borrowing of the Group will be repaid after the end of reporting period in accordance with the scheduled repayment dates set out in the bank loan agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

38. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES *(continued)*

(D) LIQUIDITY RISK *(continued)*

For the purpose of managing liquidity risk, the directors of the Company review the expected cash flow information of the Group's bank loan based on the scheduled repayment dates set out in the bank loan agreement as set out in the table below:

	Less than 1 year HK\$'000	1 to 2 years HK\$'000	2 to 5 years HK\$'000	More than 5 years HK\$'000	Total contractual undiscounted cash flow HK\$'000	Total carrying value HK\$'000
As at 31 December 2024						
Borrowing	1,268	1,268	3,802	3,380	9,718	8,672
As at 31 December 2023						
Borrowing	650	1,298	3,893	4,758	10,599	9,000

39. FAIR VALUE MEASUREMENTS

The following presents the Group's financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy as defined in HKFRS 13 Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 (lowest level): unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

39. FAIR VALUE MEASUREMENTS *(continued)*

(A) ASSETS MEASURED AT FAIR VALUE

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 December 2024				
Designated FVTOCI				
Equity investment listed outside Hong Kong	187	–	–	187
Unlisted equity securities	–	–	1,681	1,681
	187	–	1,681	1,868
Financial assets at FVTPL				
Equity investments listed in Hong Kong	10	–	–	10
	197	–	1,681	1,878
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 December 2023				
Designated FVTOCI				
Unlisted equity securities	–	–	1,887	1,887
Financial assets at FVTPL				
Equity investments listed in Hong Kong	10	–	–	10
	10	–	1,887	1,897

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

39. FAIR VALUE MEASUREMENTS *(continued)*

(A) ASSETS MEASURED AT FAIR VALUE *(continued)*

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements.

Description	Fair value at 31 December 2024 HK\$'000	Fair value at 31 December 2023 HK\$'000	Fair value hierarchy	Valuation techniques
Assets				
Financial assets at FVTPL				
– Equity investments listed in Hong Kong	10	10	Level 1	Quoted bid prices in an active market
Designated FVTOCI				
– Equity investment listed outside Hong Kong	187	–	Level 1	Quoted bid prices in an active market
– Unlisted equity securities	1,681	1,887	Level 3	Adjusted net asset values as reported by management of investee companies

(B) RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENT

	Designated FVTOCI HK\$'000
At 1 January 2023	1,910
Total losses: – in other comprehensive expense	(23)
At 31 December 2023 and 1 January 2024 Derecognition (<i>Note</i>)	1,887 (199)
Total losses: – in other comprehensive expense	(7)
At 31 December 2024	1,681

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

39. FAIR VALUE MEASUREMENTS *(continued)*

(B) RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENT *(continued)*

Note:

An unlisted equity security in a company incorporated in British Virgin Islands owned by the Group (the “Old Shares”) is merged with a company incorporated under the laws of Delaware which is listed on the Nasdaq Stock Market (the “Surviving Company”) during the year. Upon the completion of the merger, the Old Shares was cancelled and automatically converted into the ordinary shares of the Surviving Company (the “New Shares”). The Group derecognised the Old Shares and recognised the New Shares resulting in a gain on derecognition of a designated FVTOCI of approximately HK\$889,000 recognised in the profit or loss during the year.

(C) FINANCIAL ASSETS AND LIABILITIES CARRIED AT AMORTISED COST

The carrying amount of the financial assets and liabilities of the Group that are carried at amortised cost are not materially different from their fair value as at 31 December 2024 and 2023.

40. COMMITMENTS AND CONTINGENCIES

CAPITAL COMMITMENTS

The Group had no significant capital commitments at the end of the reporting period (2023: nil).

41. EVENTS AFTER THE REPORTING PERIOD

No significant event affecting the Company that has occurred since the end of the year ended 31 December 2024.

SUMMARY OF RESULTS, ASSETS AND LIABILITIES OF THE GROUP

Results of the Group for the five years ended 31 December					
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	81,212	89,075	90,537	103,513	72,376
(Loss) profit before taxation	(25,454)	(35,060)	(19,989)	(21,916)	16,781
Income tax (expenses) credits	(196)	(193)	(182)	(57)	103
(Loss) profit for the year	(25,650)	(35,253)	(20,171)	(21,973)	16,884
	HK cents	HK cents	HK cents (Restated)	HK cents (Restated)	HK cents (Restated)
(Loss) earnings per share Basic and diluted	(13.0)	(17.9)	(14.4)	(17.7)	15.4
Assets and liabilities of the Group as at 31 December					
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Non-current assets	47,336	52,540	53,798	55,564	2,277
Current assets	19,746	21,074	33,809	39,871	106,475
Total assets	67,082	73,614	87,607	95,435	108,752
Non-current liabilities	3,348	5,416	2,043	590	714
Current liabilities	62,695	40,614	22,697	28,297	86,541
Total liabilities	66,043	46,030	24,740	28,887	87,255
Net assets	1,039	27,584	62,867	66,548	21,497

SHAREHOLDER INFORMATION

SHAREHOLDER ENQUIRIES

Any enquiries relating to your shareholding, for example transfer of shares, change of name or address, or lost share certificates, should be sent to:

Principal Share Registrar and Transfer Office in Bermuda:
Appleby Global Corporate Services (Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179
Hamilton HM EX
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong:
Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

INVESTOR RELATIONS

Enquiries may be directed to:

Investor Relations
Great Wall Terroir Holdings Limited (the “Company”)
Room 1903, 19/F.
Lee Garden Three,
1 Sunning Road
Causeway Bay
Hong Kong

Telephone: +852 2522 3800
Facsimile: +852 2111 2665
Email: investor@gwt.hk

CORPORATE COMMUNICATIONS

On 30 January 2024 and 9 February 2024, the Company sent a letter to its registered shareholders (the “**Registered Shareholder(s)**”) and non-registered shareholders (the “**Non-registered Shareholder(s)**”) (collectively the “**Shareholder(s)**”) respectively regarding new arrangements to disseminate the future corporate communications of the Company (the “**Corporate Communications**”) to its Shareholders electronically and only send Corporate Communications in printed form to the Shareholders upon request. The Company made the Corporate Communications available on its website (www.gwt.hk) and the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

A notice of publication of the website version of Corporate Communications, in both English and Chinese, is being delivered to each Shareholder by email or by post (for Registered Shareholders, only if the Company does not possess the functional email address of the Shareholder) on the publication date of the Corporate Communications.

In support of electronic communication by email, the Company recommends its Registered Shareholders to provide the Company with their email address at any time in future by reasonable notice in writing to the Company's branch share registrar and transfer office in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email to 524-ecom@vistra.com. For Non-registered Shareholders, they are recommended to provide their functional email addresses to the banks, brokers, custodians, nominee(s) or HKSCC Nominees Limited through which their shares in the Company are held.

It is the responsibility of the Shareholders to provide email address or postal address (as the case may be) that is functional. If the Company does not possess the email address of a Shareholder or the email address provided is not functional, the Company will act according to the above arrangements.

For those Shareholders who wish to receive a printed version of all future Corporate Communications or, if for any reason, have difficulty in gaining access to the Company's website, the Company will, upon receipt of request in writing by the Shareholder to the Company's branch share registrar and transfer office in Hong Kong at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email to 524-ecom@vistra.com, send future Corporate Communications and/or the relevant Corporate Communications (as the case may be) to such Shareholders in printed form free of charge.

Details of the arrangements (i) for dissemination of Corporate Communications and (ii) for requesting printed copy of Corporate Communications are published under the section “Investors’ Information – Dissemination of Corporate Communications” in the Company's website (www.gwt.hk). For any queries in relation to the above arrangements, please call the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at (852) 2980 1333 during business hours from 9:00 a.m. to 6:00 p.m. from Monday to Friday, excluding Hong Kong public holidays, or by sending an email to 524-ecom@vistra.com.



Great Wall Terroir
長城天下

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減廢證書

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—Certificate—

