四海國際集團有限公司
Cosmopolitan International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 120)

2024
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Lo Yuk Sui
(Chairman and Chief Executive Officer)
Jimmy Lo Chun To
(Vice Chairman and Managing Director)
Lo Po Man (Vice Chairman)
Kenneth Wong Po Man (Chief Operating Officer)
Kelvin Leung So Po (Chief Financial Officer)
Kenneth Ng Kwai Kai

Independent Non-Executive Directors

Francis Bong Shu Ying, OBE, JP
Alice Kan Lai Kuen
David Li Ka Fai, MH
Abraham Shek Lai Him, GBS, JP

AUDIT COMMITTEE

David Li Ka Fai, MH (Chairman)
Francis Bong Shu Ying, OBE, JP
Alice Kan Lai Kuen
Abraham Shek Lai Him, GBS, JP

REMUNERATION COMMITTEE

Alice Kan Lai Kuen (Chairman)
Lo Yuk Sui
Francis Bong Shu Ying, OBE, JP
David Li Ka Fai, MH

NOMINATION COMMITTEE

Lo Yuk Sui (Chairman)
Francis Bong Shu Ying, OBE, JP
Alice Kan Lai Kuen
David Li Ka Fai, MH
Abraham Shek Lai Him, GBS, JP

SECRETARY

Eliza Lam Sau Fun

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited
Bank of Communications (Hong Kong) Limited
The Bank of East Asia, Limited
Industrial and Commercial Bank of China (Asia) Limited

SHARE REGISTRAR IN THE CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited
P.O. Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai
Hong Kong

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

11th Floor, 68 Yee Wo Street
Causeway Bay, Hong Kong
Tel: 2894 7888
Fax: 2890 1697
Website: www.cosmoholdings.com

Mr. Lo Yuk Sui, *aged 80; Chairman and Chief Executive Officer* — Appointed to the Board as an Executive Director in 2013. Mr. Lo also acts as the Chairman and the Chief Executive Officer of the Company since 2013. He has been the managing director and chairman of the respective predecessor listed companies of Century City International Holdings Limited ("CCIHL") (the ultimate listed holding company of the Company), Paliburg Holdings Limited ("PHL") (the immediate listed holding company of the Company) and Regal Hotels International Holdings Limited ("RHIHL") (a listed subsidiary of CCIHL and PHL and a listed fellow subsidiary of the Company) since 1980s. He is also an executive director, the chairman and the chief executive officer of CCIHL, PHL and RHIHL and a non-executive director and the chairman of Regal Portfolio Management Limited ("RPML"), the manager of Regal Real Estate Investment Trust (the listed subsidiary of RHIHL). Mr. Lo is a qualified architect. In his capacity as the Chief Executive Officer, Mr. Lo oversees the overall policy and decision making of the Group. Mr. Lo is the father of Mr. Jimmy Lo Chun To and Ms. Lo Po Man.

Mr. Lo Chun To (Alias: Jimmy), *aged 51; Vice Chairman and Managing Director* — Appointed to the Board as an Executive Director in 2013. Mr. Jimmy Lo also acts as a Vice Chairman and the Managing Director of the Company since 2013. He is also an executive director and a vice chairman of CCIHL, an executive director, the vice chairman and the managing director of PHL, an executive director of RHIHL and a non-executive director of RPML. Mr. Lo graduated from Cornell University, New York, the United States, with a Degree in Architecture. Mr. Lo joined the Century City Group in 1998. He is primarily involved in overseeing the property projects of the PHL Group and, in addition, undertakes responsibilities in the business development of the Century City Group. Mr. Lo is the son of Mr. Lo Yuk Sui and the brother of Ms. Lo Po Man.

Ms. Lo Po Man, *aged 45; Vice Chairman and Executive Director* — Appointed to the Board as an Executive Director in 2013. Ms. Lo also acts as a Vice Chairman of the Company since 2013. She is also an executive director and a vice chairman of CCIHL, an executive director of PHL, an executive director, a vice chairman and the managing director of RHIHL, and a non-executive director and the vice chairman of RPML. Ms. Lo graduated from Duke University with a Bachelor's Degree in Psychology and The University of Hong Kong with a Master's Degree in Buddhist Studies. Ms. Lo serves as an Adjunct Professor teaching sustainable business management and impact investing at The Hong Kong University of Science and Technology and The University of Hong Kong. Ms. Lo has been officially appointed as Member of the Green Technology and Finance Development Committee, Council Member of Hong Kong University of Science and Technology, and serves on Hong Kong's Chief Executive's Policy Unit Expert Group and the Green Technology and Finance Development Committee. She is appointed as Chair of the UNESCAP ESBN Finance Task Force and a member of the Executive Committee of ESBN, and she serves as Chair of the Asia Pacific Green Deal for Business Committee. She primarily oversees the operation of the RHIHL Group's hotel business and, in addition, oversees corporate investments and business development of the Century City Group. Ms. Lo is the daughter of Mr. Lo Yuk Sui and the sister of Mr. Jimmy Lo Chun To.

Mr. Wong Po Man (Alias: Kenneth), *aged 59; Executive Director and Chief Operating Officer* — Appointed to the Board in 2010 as a Non-Executive Director and re-designated as an Executive Director and the Chief Operating Officer in 2013. Mr. Kenneth Wong is also an executive director of PHL. Mr. Wong graduated from The University of Hong Kong with a Bachelor of Arts Degree in Architectural Studies and a Bachelor's Degree of Architecture. He also holds a Master of Science Degree in Real Estates from The University of Hong Kong. He is a qualified architect and has over 33 years of experience in architectural design and project management in respect of property development projects. He is also a Technical Director of an engineering company which is registered under the Buildings Ordinance of Hong Kong.

Mr. Leung So Po (Alias: Kelvin), *aged 52; Executive Director and Chief Financial Officer* — Appointed to the Board in 2008 as a Non-Executive Director and re-designated as an Executive Director and the Chief Financial Officer in 2013. Mr. Kelvin Leung is also an executive director of CCIHL, PHL and RHIHL. He has been with the Century City Group since 1997, and he is involved in the corporate finance function as well as in the China business division of the Century City Group. Mr. Leung holds a Bachelor's Degree in Business Administration and a Master of Laws Degree in Chinese Business Law both from The Chinese University of Hong Kong. He is a member of the American Institute of Certified Public Accountants. He has over 29 years of experience in accounting and corporate finance field.

Mr. Ng Kwai Kai (Alias: Kenneth), *aged 70; Executive Director* — Appointed to the Board in 2008 as a Non-Executive Director and re-designated as an Executive Director in 2013. Mr. Kenneth Ng is also an executive director and the chief operating officer of CCIHL, an executive director of PHL and RHIHL, and a non-executive director of RPML. He is in charge of the corporate finance, company secretarial and administrative functions of the Century City Group. Mr. Ng is a Chartered Secretary.

Mr. Bong Shu Ying, Francis, OBE, JP, *aged 83; Independent Non-Executive Director* — Appointed to the Board in 2006 as a Non-Executive Director and re-designated as an Independent Non-Executive Director in 2021. Mr. Francis Bong was a director of AECOM Technology Corporation, a company incorporated in the United States and listed on the New York Stock Exchange. Mr. Bong holds a Bachelor's Degree of Science in Engineering from The University of Hong Kong and is a former Chairman of the Hong Kong University Engineering Advisory Committee. He is a former president of the Hong Kong Institution of Engineers, a former president of the Hong Kong Academy of Engineering Sciences and a fellow member of The Institution of Structural Engineers in the United Kingdom.

Ms. Kan Lai Kuen, Alice, *aged 70; Independent Non-Executive Director* — Invited to the Board as an Independent Non-Executive Director in 2013. Ms. Alice Kan is also an independent non-executive director of RHIHL. Ms. Kan is a shareholder and a director of BLS Capital Limited. She is a licensed responsible officer of BLS Capital Limited for asset management under the Securities and Futures Ordinance of Hong Kong. She has over 20 years of experience in corporate finance and is well experienced in both the equity and debt markets. She held various senior positions in international and local banks and financial institutions. Ms. Kan is a fellow member of The Association of Chartered Certified Accountants, a fellow member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Ms. Kan is also an independent non-executive director of Jolimark Holdings Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Li Ka Fai, David, MH, *aged 70; Independent Non-Executive Director* — Invited to the Board as an Independent Non-Executive Director in 2006. Mr. David Li is a fellow of The Association of Chartered Certified Accountants, UK. Mr. Li is an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee of China-Hongkong Photo Products Holdings Limited, Goldlion Holdings Limited and Wai Yuen Tong Medicine Holdings Limited, an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of China Merchants Port Holdings Company Limited, an independent non-executive director and a member of the audit committee and the remuneration committee of Continental Aerospace Technologies Holding Limited, an independent non-executive director and the chairman of the audit committee of Shanghai Industrial Urban Development Group Limited, all of which companies are listed on the main board of the Stock Exchange.

Mr. Shek Lai Him, Abraham (Alias: Abraham Razack), GBS, JP, *aged 79; Independent Non-Executive Director* — Invited to the Board as an Independent Non-Executive Director in 2013. Mr. Abraham Shek is also an independent non-executive director of PHL and RPML. Mr. Shek holds a Bachelor's Degree of Arts and a Juris Doctor Degree. Mr. Shek is an honorary member of the Court of The Hong Kong University of Science and Technology, a member of the Court of City University of Hong Kong and a member of the Court of Hong Kong Metropolitan University. Mr. Shek was a member of the Legislative Council of the Hong Kong Special Administrative Region. Mr. Shek is the honorary chairman, an independent non-executive director and the chairman of the audit committee of Chuang's China Investments Limited, an independent non-executive director and the chairman of the audit committee of Chuang's Consortium International Limited, the joint vice chairman, an independent non-executive director and a member of the audit committee of ITC Properties Group Limited, an independent non-executive director and a member of the audit committee of China Resources Building Materials Technology Holdings Limited, CSI Properties Limited, Everbright Grand China Assets Limited, Far East Consortium International Limited, Hao Tian International Construction Investment Group Limited, Shin Hwa World Limited and CTF Services Limited (formerly known as NWS Holdings Limited), and an independent non-executive director of Alliance International Education Leasing Holdings Limited and Lai Fung Holdings Limited, all of which companies are listed on the Stock Exchange. He is also an independent non-executive director and a member of the audit committee of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust (which is listed on the Stock Exchange).

Dear shareholders,

I would like to present herewith the Annual Report of the Company for the year ended 31st December, 2024.

FINANCIAL RESULTS

For the financial year ended 31st December, 2024, the Company incurred a loss attributable to shareholders of HK$453.1 million (2023 – loss of HK$372.3 million).

As explained in the profit warning announcement published by the Company on 21st March, 2025, due to the sluggish property market in China, particularly with respect to the commercial and retail segments, the progress in the sale of the remaining components in the two composite development projects of the Group in Chengdu and Tianjin was slow. On the other hand, on account of the increased provisions for impairment of the Group's property portfolio as well as the substantial amount of tax charge, the loss incurred by the Group for the year has increased as compared with the preceding financial year.

BUSINESS OVERVIEW

Though faced with a complicated and severe environment with increasing external pressures and internal difficulties, China's economy was generally stable during the year, with new achievements made in high-quality development. In the first three quarters of 2024, the real estate market in China remained weak, with the transacted price as well as the transacted volume of new commodity properties having further declined as compared with the same period in 2023. Moreover, due to the stretched liquidity still faced by most Mainland property developers, the level of new investments in real estate and the commencement of new built projects remained low.

In order to stabilise the real estate sector and to reverse its downward trend, the Central Government of China started to roll out in September last year a series of measures to stimulate market demand, including cutting mortgage rates, lowering down payment ratios and further relaxing purchase restrictions. In the following November, a set of tax optimisation policies related to real estate was also released to ease property transaction costs. Towards the end of 2024, these stimulative measures were gradually taking effect, with the property markets in many core cities beginning to show signs of stabilisation.

The remaining components in the Regal Cosmopolitan City development undertaken by the Group in Chengdu mainly comprise a commercial complex (including a six-storey shopping mall podium), five towers of office accommodation and a hotel building, which have all been substantially completed. Due to the weak market environment, the overall sale progress achieved during the year was slow. However, since the rolling out of the stimulus policies in September last year, the property market in Chengdu has started to recover steadily in the fourth quarter of 2024. The Group is closely monitoring the changes in the local market conditions and is actively planning for the disposal of these remaining properties.

The Group's other composite development project in China is the Regal Renaissance in Tianjin. Apart from the residential component which has all been sold, the other components mainly consist of a commercial complex and two office towers atop of a four-storey podium. A number of shop units in the commercial complex were sold in the first half of 2024 but the progress in the sale of the remaining shop units was also slow due to the weak demand. However, with the improving market environment over the past few months, the Group is devising plans for the commencement of the sale programme for the units in the office towers later this year.

As first announced in a joint announcement published by the Company on 3rd September, 2024, the Group entered into a second supplemental agreement with a wholly-owned subsidiary of Regal Hotels International Holdings Limited, a fellow subsidiary of the Company, regarding certain existing loan facilities granted to the Group with an aggregate facility amount of HK$857.0 million. The objective of the supplemental agreement was to extend the final maturity of the loan facilities from the repayment date of 12th October, 2024 by 3 years, so as to align the repayment of the loan facilities with the latest sales plan formulated by the Group for the disposal of the remaining commercial components in the two development projects in Chengdu and Tianjin, taking into consideration the latest property market environment in China. The proposed extension of the repayment date of the loan facilities under the supplemental agreement constituted a connected transaction for the Company. Further information on this transaction was contained in the circular dated 10th December, 2024 despatched to shareholders. Following the separate approvals by the independent shareholders of the Company and Regal at their respective general meetings held on 30th December, 2024, the final maturity of the loan facilities has now been duly extended to 12th October, 2027.

Further detailed information on these development projects, the reforestation and land grant project in Urumqi as well as the Group's other investments is contained in the "Management Discussion and Analysis" section.

OUTLOOK

The Central Government has recently reassured its commitment to stabilise the real estate market in China. It is expected that more easing measures and fiscal stimulus will be released during the course of this year to further support the property sector. With the gradual revival in market sentiment since the fourth quarter of 2024, property prices in first tier cities have started to reverse the downward trend with increased transaction volume in the first two months of this year. It is expected that this recovery process will continue to spill over to major second tier cities.

Accordingly, the Directors remain hopeful that the remaining commercial components in the Group's two development projects in Chengdu and Tianjin, which command significant value, will be able to generate for the Group substantial revenues in the coming years.

DIRECTORS AND STAFF

Taking this opportunity, I would like to thank my fellow Directors for their support and all management and staff members for their dedicated efforts during the past year.

LO YUK SUI
Chairman

Hong Kong
28th March, 2025

CHENGDU • MAINLAND CHINA

Regal Cosmopolitan City, a composite residential/commercial/office/hotel development in Xindu District, Chengdu, Sichuan (*)

Casa Regalia (Phase 1 and Phase 2), Regal Cosmopolitan City - completed

* Artist impression

CHENGDU • MAINLAND CHINA

Regal Cosmopolitan City - Regal Xindu Hotel and commercial/office towers

Regal Xindu Hotel and commercial/office towers - substantially completed

CHENGDU • MAINLAND CHINA


Private dining room at Regal Xindu Hotel (*)


Lift lobby at Regal Xindu Hotel (*)


Chinese restaurant at Regal Xindu Hotel (*)

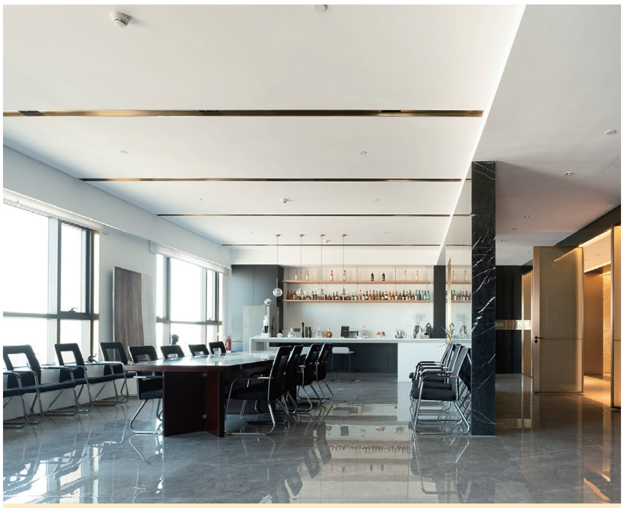

Guestroom at Regal Xindu Hotel (*)


Mega family guestroom at Regal Xindu Hotel (*)

* Artist impression

Regal Renaissance, a composite commercial/office/residential development in a prime location of Hedong District, Tianjin

Lobby of an office tower



Multi-functional room of an office tower

BUSINESS REVIEW

The Group is principally engaged in property development and investment, which are mainly focused in the People's Republic of China (the "PRC"), and other investments including financial assets investments.

The operating performance of the Group's property and other investment businesses for the year and its future prospects are contained in the preceding Chairman's Statement and in this section.

The Group has no immediate plans for acquisition of material investments or capital assets, other than those disclosed in the section headed "Business Overview" in the preceding Chairman's Statement and in this section.

A brief review on the property projects currently undertaken by the Group in the PRC and the Group's other investments is set out below.

Property Development

Chengdu Project – Regal Cosmopolitan City

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 495,000 square metres (5,330,000 square feet).

All the residential units in the third stage have been sold in prior years. Total proceeds from the sales of the residential units amounted to approximately RMB2,048.3 million (HK$2,189.8 million).

The sale of the shops with about 4,110 square metres (44,250 square feet) comprised in the third stage is in progress. Up to date, a total of 4,002 square metres (43,078 square feet) of shops have been sold or contracted to be sold, for aggregate sale considerations of approximately RMB93.2 million (HK$99.6 million). The sale of the 1,389 car parking spaces is continuing and, up to date, 475 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB51.6 million (HK$55.2 million). Most of these sale transactions have already been completed and the revenues accounted for in prior financial years.

The interior construction works of the 325-room hotel have been completed. The Completion Certificate for this hotel property has been obtained in January 2024 and the Real Property Ownership Certificate in January 2025.

The construction works of the remaining commercial components also within the third stage of the development, comprising a commercial complex of about 52,500 square metres (565,100 square feet) and five towers of office accommodations of about 86,000 square metres (925,700 square feet), have all been substantially completed. The market repositioning works of the shopping mall and certain office towers are also in progress.

The presale programme for the units in one of the office towers, consisting of 434 units with a total of about 20,000 square metres (215,200 square feet), commenced in 2021. Up to date, 328 office units with a total of about 14,665 square metres (157,854 square feet) have been sold under contracts or subscribed by prospective purchasers, for an aggregate sale consideration of RMB126.0 million (HK$134.7 million).

The sale of the shops of about 2,650 square metres (28,550 square feet) comprised in the commercial portion of the office tower on sale has also commenced in 2022. Up to date, a total of 5 shop units of about 274 square metres (2,949 square feet) have been contracted for sale, for aggregate sale considerations of approximately RMB8.1 million (HK$8.7 million).

Overall, due to the slackened demand, the progress achieved so far on the sale of these office and shop units was relatively slow. However, since the rolling out of the stimulus policies by the Central Government in September last year, the property market in Chengdu has started to recover steadily. The disposal of these remaining properties is under active planning, having regard to the changing market conditions.

Tianjin Project – Regal Renaissance

Located in the Hedong District in Tianjin, this project is a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

All residential units in this development have been sold. The programme for the sale of shops with a total area of about 19,000 square metres (205,000 square feet) in the commercial complex was ongoing. During the year under review, shops with a total area of 9,744 square metres (104,884 square feet) have been sold for aggregate sale considerations of approximately RMB185.4 million (HK$200.8 million). Certain parts of the commercial complex have been leased out for rental income.

The remaining components in this development, which have all been completed, mainly consist of two office towers atop of a four-storey podium. With the improving market environment over the past few months, plans are being devised for the commencement of the sale programme for the units in the office towers later this year.

Xinjiang Project

This is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu undertaken in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. The Group has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (1,228,700 square metres) would be available for real estate development after the requisite inspection of the required re-forestation area, land grant listing and tender procedures are completed. The Group will be entitled to participate in the tender of such land use right and monetary compensation in reference to the re-forestation cost of the Group incurred.

The Group continues to maintain the overall re-forested area. Based on the legal advice obtained, the legitimate interests of the Group in the relevant re-forestation contract remain valid and effective.

Other Investments

PRC Real Estate Company

As previously disclosed, the Group acquired an 80% equity interest in and provided pro rata shareholder's loan to an investee company incorporated in the PRC in July 2019. The investee company owned 10% equity interest in another PRC-incorporated real estate company that undertakes joint developments for both industry specific real estate and residential/commercial real estate in China. In December 2021, the Group entered into an agreement with an independent third party purchaser for the disposal of its entire 80% equity interest in and shareholder's loan to the abovementioned investee company at a consideration equal to the original investment cost of the Group. As the purchaser has not fully settled the transaction consideration, the Group is considering various options to resolve the outstanding matters under the agreement.

Investment in Interra Acquisition Corporation

In September 2022, a wholly owned subsidiary of the Group subscribed for and was allocated a total of 12,210,000 Class A Shares (with attached warrants) of Interra Acquisition Corporation at a subscription price of approximately HK$122.1 million. Interra is a special purpose acquisition company set up for the purpose effecting a De-SPAC Transaction and is listed on The Stock Exchange of Hong Kong Limited. The investment was funded by bank and other borrowings of the Group and under the terms of offering of Interra, subscribers are afforded redemption rights to protect their investments in the subscribed securities of Interra.

In August 2024, Interra published an announcement in relation to extension of deadline for, among others, publication of announcement in respect of a De-SPAC Transaction, which entitled the Group to exercise the redemption rights attached with the entire Class A Shares of Interra owned by it. The Group exercised the redemption rights in September 2024 and the redemption proceeds of approximately HK$132.2 million were received by the Group in October 2024.

FINANCIAL REVIEW

ASSETS VALUE

As at 31st December, 2024, the Group's net assets attributable to equity holders of the parent amounted to HK$681.1 million, representing approximately HK$0.46 per share (including ordinary share and convertible preference share). Assuming full conversion of the outstanding convertible notes as at 31st December, 2024, the Group's net assets attributable to equity holders of the parent would be approximately HK$0.25 per share (including ordinary share and convertible preference share) on a fully diluted basis.

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

The acquisitions of the two ongoing development projects in the PRC in 2013 were financed by the vendors by way of deferred payment of the considerations payable for a period of 3 years, subject to the terms of the relevant sale and purchase agreements. With an objective to align the due dates of the considerations payable with the anticipated progress and completion schedules of the two development projects, by virtue of the agreements entered into between the Group and the vendors and completed in 2016, (i) the consideration payables owing to one of the vendors were refinanced by new 5-year loan facilities, and (ii) the consideration payable owing to the other vendor was repaid through its subscription of the optional convertible bonds issued by the Group.

In September 2021, the Group entered into a supplemental agreement with Regal Hotels International Holdings Limited ("RHIHL") group for the extension of the repayment date of the revised loan facilities in the aggregate amount of HK$857.0 million from 12th October, 2021 to 12th October, 2024. In September 2024, the Group further entered into a second supplemental agreement with the RHIHL group, principally with the objective to extending the repayment date of the revised loan facilities from 12th October, 2024 to 12th October, 2027, in order that the Group can further align the timing for the repayment of the revised loan facilities with the latest sale progress and completion schedules of the Group's development projects in Chengdu and Tianjin.

Construction and related costs for the property projects for the time being are principally financed by internal resources, proceeds from the presale of the units and drawdown of loan facilities granted by the RHIHL group as well as through other borrowings. Project financing may be arranged on appropriate terms to cover a portion of the land cost and/or the construction cost, with the loan maturity matching with the estimated project completion date.

Cash Flows

Net cash flows used in operating activities during the year under review amounted to HK$238.3 million (2023 - HK$449.9 million). Net interest payment for the year amounted to HK$69.0 million (2023 - HK$49.0 million).

Borrowings and Gearing

As at 31st December, 2024, the Group had cash and bank balances and deposits of HK$52.5 million (2023 - HK$63.6 million) and the Group's borrowings including convertible notes, net of cash and bank balances and deposits, amounted to HK$1,324.0 million (2023 - HK$1,302.4 million).

As at 31st December, 2024, the gearing ratio of the Group was 40.1% (2023 - 32.7%), representing the Group's borrowings including convertible notes, net of cash and bank balances and deposits, of HK$1,324.0 million (2023 - HK$1,302.4 million), as compared to the total assets of the Group of HK$3,303.5 million (2023 - HK$3,987.6 million).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2024 are shown in notes 27, 28 and 29 to the financial statements.

Lease Liabilities

As at 31st December, 2024, the Group did not have any lease liabilities (2023 - HK$1.1 million).

Pledge of Assets

As at 31st December, 2024, certain of the Group's bank deposits and financial assets at fair value through profit or loss in the amount of HK$27.2 million (2023 - HK$23.6 million) were pledged to secure general banking facilities granted to the Group.

In addition, the Group's equity interests in the relevant holding companies of the Group's property development projects were pledged to secure the other borrowings.

Capital Commitments

Details of the capital commitments of the Group as at 31st December, 2024 are shown in note 35 to the financial statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 31st December, 2024 are shown in note 37 to the financial statements.

Share Capital and Convertible Securities

During the year, there were no changes in the share capital and the convertible notes of the Company.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES OR ASSOCIATES

During the year under review, there were no material acquisitions or disposals of subsidiaries or associates of the Company.

STAFF AND REMUNERATION POLICY

The Group employs approximately 80 staff in Hong Kong and the PRC. The Group's management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with market norm.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include a mandatory provident fund scheme as well as medical and life insurance for staff in Hong Kong, and the social security fund and the housing provident fund for staff in the PRC.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report together with the audited financial statements of the Company and its subsidiaries for the year ended 31st December, 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company. The principal activities of the subsidiaries are property development and investment, which are mainly focused in the People's Republic of China (the "PRC"), and other investments including financial assets investments.

The turnover and contribution to trading results by each principal activity are set out in note 4 to the financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended 31st December, 2024 and the Group's financial position at that date are set out in the financial statements on pages 38 to 119.

BUSINESS REVIEW

Further discussion and review on the business activities of the Group as required by Schedule 5 to the Companies Ordinance (Cap. 622) of Hong Kong, including a description of the principal risks and uncertainties facing the Group, material events that have occurred since the year end date and an indication of likely future development in the Group's business are contained in the preceding Chairman's Statement and Management Discussion and Analysis set out on pages 6 to 8 and pages 13 to 17, respectively, of this Annual Report. Those relevant contents form part of this Report of the Directors. Details of the Group's financial risk management are disclosed in note 40 to the financial statements.

In addition, relevant details of the Company's environment policies and performance and key relationships with employees, customers and suppliers will be reported in the separate Sustainability Report of the Company, which will be published together with this Annual Report. The Directors were not aware of any non-compliance with the relevant laws and regulations that have a significant impact on the Group during the year.

DIVIDEND

No interim dividend was paid to the holders of ordinary shares during the year (2023 - Nil).

The Directors have resolved not to recommend the payment of a final dividend to the holders of ordinary shares for the year ended 31st December, 2024 (2023 - Nil).

ANNUAL GENERAL MEETING

The 2025 Annual General Meeting of the Company will be convened to be held on Tuesday, 10th June, 2025. Relevant notice of the Meeting will be contained in the circular of the Company relating to the re-election of Directors and the general mandates to issue and repurchase ordinary shares (the "Circular") to be sent to the shareholders, together with this Annual Report.

CLOSURE OF REGISTER

For the purpose of ascertaining shareholders' entitlement to attend and vote at the 2025 Annual General Meeting, the Register of Ordinary Shareholders of the Company will be closed from Thursday, 5th June, 2025 to Tuesday, 10th June, 2025, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to be entitled to attend and vote at the 2025 Annual General Meeting, all transfers of ordinary shares and/or conversions of the convertible securities, duly accompanied by the relevant share certificates and/or the certificates of the convertible securities, together with, where appropriate, the relevant conversion notices, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Wednesday, 4th June, 2025.

DIRECTORS

The Directors of the Company are:

Mr. Lo Yuk Sui
Mr. Jimmy Lo Chun To
Ms. Lo Po Man
Mr. Kenneth Wong Po Man
Mr. Kelvin Leung So Po
Mr. Kenneth Ng Kwai Kai
Mr. Francis Bong Shu Ying
Ms. Alice Kan Lai Kuen
Mr. David Li Ka Fai, MH
Mr. Abraham Shek Lai Him, GBS, JP

During the year, there have been no changes in the Directors of the Company.

In accordance with Article 116 of the Articles of Association of the Company, the following Directors will retire from office by rotation at the 2025 Annual General Meeting:

(i) Mr. Jimmy Lo Chun To (Executive Director, Vice Chairman and Managing Director);

(ii) Mr. Kelvin Leung So Po (Executive Director and Chief Financial Officer);

(iii) Ms. Alice Kan Lai Kuen (Independent Non-Executive Director); and

(iv) Mr. Kenneth Ng Kwai Kai (Executive Director).

All the above retiring Directors, being eligible, have offered themselves for re-election at the 2025 Annual General Meeting. Details of these Directors, which are required to be disclosed pursuant to Rules 13.51(2) and 13.74 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), will be set out in the Circular.

The Company has received from each of the four incumbent Independent Non-Executive Directors an annual confirmation of independence provided under Rule 3.13 of the Listing Rules. The Company considers that all of these Independent Non-Executive Directors are independent.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as otherwise disclosed herein, none of the Directors of the Company nor a connected entity of the Directors had any beneficial interests, whether direct or indirect, in any significant transactions, arrangements or contracts to which the Company or any of its holding companies, subsidiaries or fellow subsidiaries was a party at the end of the reporting period or at any time during the year.

None of the Directors had any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), with the Company or any of its subsidiaries during the year.

At no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement whose objects are to enable a Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year. The Company has taken out and maintained directors' liability insurance that provides appropriate cover for the Directors.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31st December, 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) of the Company, which (a) are as recorded in the register required to be kept under section 352 of the SFO; or (b) are as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules, were as follows:

				Number of shares held			
	The Company/ Name of associated corporation	**Name of Director**	**Class of shares held**	**Personal interests**	**Corporate interests**	**Family/Other interests**	**Total (Approximate percentage of the issued shares as at 31st December, 2024)**
1.	**The Company**	Mr. Lo Yuk Sui	Ordinary (i) (issued)	–	871,504,279 (Note d)	–	871,504,279
			(ii) (unissued)	–	1,591,775,147 (Note e)	–	1,591,775,147
						Total:	2,463,279,426 (198.71%)
			Preference (issued)	–	229,548,733 (Note e)	–	229,548,733 (99.99%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	680,730	–	–	680,730 (0.05%)
		Ms. Lo Po Man	Ordinary (issued)	414,000	–	–	414,000 (0.03%)
2.	Century City International Holdings Limited ("CCIHL")	Mr. Lo Yuk Sui	Ordinary (issued)	111,815,396	2,032,315,326 (Note a)	380,683	2,144,511,405 (69.34%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	251,735	–	–	251,735 (0.008%)
		Ms. Lo Po Man	Ordinary (issued)	112,298	–	–	112,298 (0.004%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	200	–	–	200 (0.000%)

	The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held: Personal interests	Corporate interests	Family/Other interests	Total (Approximate percentage of the issued shares as at 31st December, 2024)
2.	CCIHL	Mr. Kelvin Leung So Po	Ordinary (issued)	4,000	–	–	4,000 (0.000%)
3.	Paliburg Holdings Limited ("PHL")	Mr. Lo Yuk Sui	Ordinary (issued)	90,078,014	740,860,803 (Note b)	15,000	830,953,817 (74.55%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	2,274,600	–	–	2,274,600 (0.20%)
		Ms. Lo Po Man	Ordinary (issued)	1,116,000	–	–	1,116,000 (0.10%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	6,200	–	–	6,200 (0.001%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	50,185	–	–	50,185 (0.005%)
		Mr. Kenneth Ng Kwai Kai	Ordinary (issued)	176,200	–	–	176,200 (0.02%)
4.	Regal Hotels International Holdings Limited ("RHIHL")	Mr. Lo Yuk Sui	Ordinary (issued)	24,200	622,855,261 (Note c)	260,700	623,140,161 (69.33%)
		Ms. Lo Po Man	Ordinary (issued)	569,169	–	–	569,169 (0.06%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	200	–	–	200 (0.000%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	200	–	–	200 (0.000%)
5.	Regal Real Estate Investment Trust ("Regal REIT")	Mr. Lo Yuk Sui	Units (issued)	–	2,443,033,102 (Note f)	–	2,443,033,102 (74.99%)

Notes:

(a) (i) The interests in 1,973,420,928 issued ordinary shares of CCIHL were held through companies wholly owned by Mr. Lo Yuk Sui ("Mr. Lo").

(ii) The interests in the other 58,894,398 issued ordinary shares of CCIHL were derivative interests held by YSL International Holdings Limited ("YSL Int'l"), a company wholly owned by Mr. Lo, under the right of first refusal to purchase such shares granted by the Dalton Group (comprising Dalton Investments LLC and its two affiliates).

(b) The interests in 694,124,547 issued ordinary shares of PHL were held through companies wholly owned by CCIHL, in which Mr. Lo held 67.43% shareholding interests.

The interests in 16,271,685 issued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00

The interests in 30,464,571 issued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00
Splendid All Holdings Limited	Select Wise Holdings Limited	100.00

(c) The interests in 421,400 issued ordinary shares of RHIHL were held through companies wholly owned by CCIHL, in which Mr. Lo held 67.43% shareholding interests. The interests in 622,433,861 issued ordinary shares of RHIHL were held through companies wholly owned by PHL, in which CCIHL held 62.28% shareholding interests. PHL held 69.25% shareholding interests in RHIHL.

(d) The interests in 706,851,215 issued ordinary shares of the Company were held through wholly owned subsidiaries of P&R Holdings Limited ("P&R"), which is owned as to 50% each by PHL and RHIHL through their respective wholly owned subsidiaries. The interests in the other 111,319,732 issued ordinary shares of the Company were held through wholly owned subsidiaries of RHIHL. The interests in the other 53,333,332 issued ordinary shares of the Company were held through wholly owned subsidiaries of PHL. PHL, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in RHIHL. Mr. Lo held 67.43% shareholding interests in CCIHL.

(e) The interests in 1,272,070,219 unissued ordinary shares of the Company were held through wholly owned subsidiaries of P&R, which is owned as to 50% each by PHL and RHIHL through their respective wholly owned subsidiaries. The interests in the other 213,038,264 unissued ordinary shares of the Company were held through wholly owned subsidiaries of RHIHL. The interest in the other 106,666,664 unissued ordinary shares of the Company were held through wholly owned subsidiaries of PHL. PHL, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in RHIHL. Mr. Lo held 67.43% shareholding interests in CCIHL.

The interests in 229,548,733 unissued ordinary shares of the Company are derivative interests held through interests in 229,548,733 convertible preference shares of the Company, convertible into new ordinary shares of the Company on a one to one basis (subject to adjustments in accordance with the terms of the convertible preference shares).

The interests in 1,362,226,414 unissued ordinary shares of the Company are derivative interests held through interests in 2 per cent. convertible notes due 2053 in a principal amount of HK$136,222,641.4 issued by the Company. The convertible notes are convertible into new ordinary shares of the Company at a conversion price of HK$0.10 per ordinary share (subject to adjustments in accordance with the terms of the convertible notes).

(f) The interests in 2,439,613,739 issued units of Regal REIT were held through wholly owned subsidiaries of RHIHL. The interests in 732,363 issued units of Regal REIT were held through wholly owned subsidiaries of PHL. The interests in 2,687,000 issued units of Regal REIT were held through wholly owned subsidiaries of CCIHL. PHL, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in RHIHL. Mr. Lo held 67.43% shareholding interests in CCIHL.

Save as disclosed herein, as at 31st December, 2024, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) of the Company, which (a) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (b) are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 31st December, 2024, so far as is known to the Directors and the chief executive of the Company, the following substantial shareholders (not being a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or notified to the Company pursuant to the SFO:

Name of substantial shareholder	Number of issued ordinary shares held	Number of underlying (unissued) ordinary shares held	Total number of ordinary shares (issued and underlying (unissued)) held	Approximate percentage of issued ordinary shares as at 31st December, 2024
YSL Int'l (Note i)	871,504,279	1,591,775,147	2,463,279,426	198.71%
Grand Modern Investments Limited ("Grand Modern") (Note ii)	871,504,279	1,591,775,147	2,463,279,426	198.71%
CCIHL (Note iii)	871,504,279	1,591,775,147	2,463,279,426	198.71%
Century City BVI Holdings Limited ("CCBVI") (Note iv)	871,504,279	1,591,775,147	2,463,279,426	198.71%
PHL (Note v)	871,504,279	1,591,775,147	2,463,279,426	198.71%
Paliburg Development BVI Holdings Limited (Note vi)	871,504,279	1,591,775,147	2,463,279,426	198.71%
RHIHL (Note vii)	818,170,947	1,485,108,483	2,303,279,430	185.81%
Regal International (BVI) Holdings Limited (Note viii)	818,170,947	1,485,108,483	2,303,279,430	185.81%
Capital Merit Investments Limited (Note vi)	760,184,547	1,378,736,883	2,138,921,430	172.55%
Regal Hotels Investments Limited (Note viii)	760,184,547	1,378,736,883	2,138,921,430	172.55%
P&R (Note ix)	706,851,215	1,272,070,219	1,978,921,434	159.64%
P&R Strategic Limited (Note x)	18,260,677	442,873,604	461,134,281	37.20%
Interzone Investments Limited (Note x)	142,857,142	285,714,284	428,571,426	34.57%
Alpha Advantage Investments Limited (Note x)	275,000,000	100,000,000	375,000,000	30.25%
Valuegood International Limited (Note x)	100,362,500	239,434,369	339,796,869	27.41%
Lendas Investments Limited (Note x)	127,410,760	89,196,080	216,606,840	17.47%
Tenshine Limited (Note viii)	57,986,400	106,371,600	164,358,000	13.26%

Notes:

(i) The interests in the ordinary shares of the Company held by YSL Int'l were included in the corporate interests of Mr. Lo Yuk Sui in the ordinary shares of the Company as disclosed under the section headed "Directors' Interests in Share Capital" above.

(ii) Grand Modern is a wholly owned subsidiary of YSL Int'l and its interests in the ordinary shares of the Company were included in the interests held by YSL Int'l.

(iii) CCIHL is owned as to 52.72% by Grand Modern and its interests in the ordinary shares of the Company were included in the interests held by Grand Modern.

(iv) CCBVI is a wholly owned subsidiary of CCIHL and its interests in the ordinary shares of the Company were included in the interests held by CCIHL.

(v) PHL is a listed subsidiary of CCIHL, which held 62.28% shareholding interests in PHL, and PHL's interests in the ordinary shares of the Company were included in the interests held by CCIHL.

(vi) These companies are wholly owned subsidiaries of PHL and their interests in the ordinary shares of the Company were included in the interests held by PHL.

(vii) RHIHL is a listed subsidiary of PHL, which held 69.25% shareholding interests in RHIHL, and RHIHL's interests in the ordinary shares of the Company were included in the interests held by PHL.

(viii) These companies are wholly owned subsidiaries of RHIHL and their interests in the ordinary shares of the Company were included in the interests held by RHIHL.

(ix) P&R is owned as to 50% each by PHL and RHIHL, through their respective wholly owned subsidiaries, and P&R's interests in the ordinary shares of the Company were included in the interests held by PHL and RHIHL.

(x) These companies are wholly owned subsidiaries of P&R and their interests in the ordinary shares of the Company were included in the interests held by P&R.

Save as disclosed herein, the Directors and the chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who, as at 31st December, 2024, had an interest or short position in the shares and underlying shares of the Company which are recorded in the register required to be kept under section 336 of the SFO or notified to the Company pursuant to the SFO.

Details of directorships of the Company's Directors in each of those companies which has an interest in the shares and underlying shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are set out as follows:

(1) Mr. Lo Yuk Sui is a director of YSL Int'l.

(2) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To and Ms. Lo Po Man are directors of Grand Modern.

(3) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Ms. Lo Po Man, Mr. Kelvin Leung So Po and Mr. Kenneth Ng Kwai Kai are directors of CCIHL and CCBVI.

(4) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Ms. Lo Po Man, Mr. Kenneth Wong Po Man, Mr. Kelvin Leung So Po, Mr. Kenneth Ng Kwai Kai and Mr. Abraham Shek Lai Him are directors of PHL.

(5) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Ms. Lo Po Man, Mr. Kenneth Wong Po Man and Mr. Kenneth Ng Kwai Kai are directors of the wholly owned subsidiaries of PHL which are substantial shareholders as named above, P&R and the wholly owned subsidiaries of P&R which are substantial shareholders as named above.

(6) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Ms. Lo Po Man, Mr. Kelvin Leung So Po, Ms. Alice Kan Lai Kuen and Mr. Kenneth Ng Kwai Kai are directors of RHIHL.

(7) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Ms. Lo Po Man and Mr. Kenneth Ng Kwai Kai are directors of the wholly owned subsidiaries of RHIHL which are substantial shareholders as named above.

CONNECTED TRANSACTION

FINANCIAL ASSISTANCE FROM THE RHIHL GROUP

On 3rd September, 2024, Long Profits Investments Limited ("Long Profits") as lender, a wholly-owned subsidiary of RHIHL, Bizwise Investments Limited ("Bizwise") as borrower, a wholly-owned subsidiary of the Company, and the Company as guarantor entered into a second supplemental agreement (the "Second Supplemental Agreement") to the original facilities agreement dated 4th August, 2016 (as supplemented by the first supplemental agreement dated 21st September, 2021) (the "2021 Facilities Agreement") to amend certain terms of the 2021 Facilities Agreement relating to the term loan of HK$357 million and the revolving loan of HK$500 million (the "Loan Facilities"). Pursuant to the Second Supplemental Agreement, the interest rate of the Loan Facilities was changed to 1-month HIBOR plus 1.95% per annum and the maturity date thereof was extended to 12th October, 2027 (the "2024 Facilities"). The 2024 Facilities were provided for working capital purpose of the Group and to allow the Group to align the timing for the repayment of the 2024 Facilities with its projected completion schedule and sale progress of the Group's property development projects in Chengdu and Tianjin, the RPC. The revolving loan facility under the 2024 Facilities was made available to Bizwise on a revolving basis with a view to providing flexibility to the Group in the management of its surplus cash funds in the interim period, before the 2024 Facilities are fully repaid.

As at the date of the Second Supplemental Agreement, RHIHL is a substantial shareholder of the Company. Long Profits is a wholly-owned subsidiary of RHIHL and therefore is a connected person of the Company. The transaction contemplated under the Second Supplemental Agreement constituted a connected transaction to the Company under Chapter 14A of the Listing Rules and was subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. The Second Supplemental Agreement was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 30th December, 2024. The conditions precedent for the transaction contemplated under the Second Supplemental Agreement were then all satisfied. Further details relating to the Second Supplemental Agreement were disclosed in the joint announcements of the Company dated 3rd September, 2024, 25th September, 2024, 16th October, 2024, 6th November, 2024, 20th November, 2024 and 4th December, 2024 and the circular of the Company dated 10th December, 2024.

CHANGE IN INFORMATION OF DIRECTORS

There was no change in the information of the Directors of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the interim report of the Company for the six months ended 30th June, 2024.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company (including sale of treasury shares) during the year. The Company did not hold any treasury shares as at 31st December, 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in the Cayman Islands, being the jurisdiction in which the Company was incorporated, and there is no provision relating to pre-emptive rights stipulated in the Articles of Association of the Company.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's turnover during the year under review was substantially derived from property development and investment operation. The percentage of purchase attributable to the Group's five largest suppliers and the percentage of turnover or sales attributable to the Group's five largest customers combined in respect of goods and services was in each case less than 30% of the total amount involved.

SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

The details of movements in the share capital and share premium account of the Company, together with the reasons therefor, during the year are set out in note 31 to the financial statements.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 1 to the financial statements.

A JOINT VENTURE

Particulars of the Group's investment in a joint venture are set out in note 16 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31st December, 2024, the Company's reserves available for distribution calculated in accordance with the laws of the Cayman Islands amounted to HK$648.3 million.

AUDITOR

Ernst & Young retire, and being eligible, offer themselves for re-appointment.

SUSTAINABILITY REPORT

The Sustainability Report of the Company for the year ended 31st December, 2024 will be published as a separate report from this Annual Report in compliance with relevant requirements under the Environmental, Social and Governance Reporting Guide in Appendix C2 in the Listing Rules on or before 30th April, 2025.

On behalf of the Board

LO YUK SUI
Chairman

Hong Kong
28th March, 2025

The Board of Directors of the Company (the "Board") is pleased to present the Corporate Governance Report of the Company for the year ended 31st December, 2024.

The Company is committed to maintaining good corporate governance practices and procedures. The Company conducts regular review of its policies and practices in respect of the management and corporate matters of the Group. To comply with the new requirements for enhanced operating standards, revision of the existing policies and practices and introduction of appropriate new measures have been implemented. Periodic review of the system and controls within the Group is also carried out by the Company to comply with the prevailing standards and requirements of good corporate governance.

(I) CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code Provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the year ended 31st December, 2024, except that:

- The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group's corporate operating structure.

(II) BOARD OF DIRECTORS

The Board currently comprises the following members:

Executive Directors:

Mr. Lo Yuk Sui *(Chairman and Chief Executive Officer)*
Mr. Jimmy Lo Chun To *(Vice Chairman and Managing Director)*
Ms. Lo Po Man *(Vice Chairman)*
Mr. Kenneth Wong Po Man *(Chief Operating Officer)*
Mr. Kelvin Leung So Po *(Chief Financial Officer)*
Mr. Kenneth Ng Kwai Kai

Independent Non-Executive Directors:

Mr. Francis Bong Shu Ying
Ms. Alice Kan Lai Kuen
Mr. David Li Ka Fai, MH
Mr. Abraham Shek Lai Him, GBS, JP

The personal and biographical details of the Directors, including the relationships among them, are disclosed in the preceding section headed "Directors' Profile" contained in this Annual Report.

During the year ended 31st December, 2024, the Company has fully complied with Rules 3.10 and 3.10A of the Listing Rules regarding the number of Independent Non-Executive Directors and the requirement that at least one of these Directors must have appropriate professional qualifications.

Each of the Independent Non-Executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-Executive Directors have met the independence guidelines of Rule 3.13 of the Listing Rules.

The Board conducts regular meetings to discuss and decide on major corporate, strategic, business and operational issues. Appropriate and sufficient information is provided to Board members in a timely manner in order to enable them to discharging their duties.

All material policies and decisions remain within the authority of the Board as a whole. The Board only delegates authorities to management to an extent that would not significantly hinder or reduce the ability of the Board to discharge its proper functions as a whole. The functions of the Board and those delegated to management of the Company are properly distinguished and clarified. Review of the formalised arrangements will be carried out on a periodic basis to ensure that they remain appropriate to the needs of the Company. The Board is overall responsible for developing, reviewing and/or monitoring the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements.

In year 2024, the attendance rates of individual Board members of the Company were as follows:

Name of Directors	**Attendance**	
	Board Meetings	*General Meetings*
Executive Directors		
Mr. Lo Yuk Sui *(Chairman and Chief Executive Officer)*	10/10	2/2
Mr. Jimmy Lo Chun To *(Vice Chairman and Managing Director)*	10/10	2/2
Ms. Lo Po Man *(Vice Chairman)*	10/10	2/2
Mr. Kenneth Wong Po Man *(Chief Operating Officer)*	10/10	2/2
Mr. Kelvin Leung So Po *(Chief Financial Officer)*	10/10	2/2
Mr. Kenneth Ng Kwai Kai	10/10	2/2
Independent Non-Executive Directors		
Mr. Francis Bong Shu Ying	10/10	2/2
Ms. Alice Kan Lai Kuen	10/10	2/2
Mr. David Li Ka Fai, MH	10/10	2/2
Mr. Abraham Shek Lai Him, GBS, JP	10/10	2/2

The Chairman or an Executive Director so delegated is responsible for providing every newly appointed Director with an induction on the first occasion of his/her appointment to ensure that he/she has a proper understanding of the operations and business of the Group. With respect to compliance matters, the Company Secretary is responsible for providing any new Director with information and materials relating to his/her responsibilities under applicable statutory and regulatory requirements. Subsequent updating about the latest changes and development of such requirements will be sent to the Directors by the Company Secretary. In addition, the Directors have participated in continuous professional development to develop and refresh their knowledge and skills to ensure their contribution to the Board remains informed and relevant. In year 2024, the Company arranged for Directors reading materials covering topics relating to enhancing the effectiveness of the board of directors of listed companies, with focus on the roles, functions and responsibilities of the board, committees and directors. The training received by the Directors during year 2024 is summarised below:

Name of Directors	**Types of training**
Executive Directors	
Mr. Lo Yuk Sui *(Chairman and Chief Executive Officer)*	B
Mr. Jimmy Lo Chun To *(Vice Chairman and Managing Director)*	B
Ms. Lo Po Man *(Vice Chairman)*	B
Mr. Kenneth Wong Po Man *(Chief Operating Officer)*	A, B
Mr. Kelvin Leung So Po *(Chief Financial Officer)*	A, B
Mr. Kenneth Ng Kwai Kai	A, B
Independent Non-Executive Directors	
Mr. Francis Bong Shu Ying	A, B
Ms. Alice Kan Lai Kuen	A, B
Mr. David Li Ka Fai, MH	A, B
Mr. Abraham Shek Lai Him, GBS, JP	A, B

A - Attending briefings/seminars/conferences/forums
B - Reading/studying training or other materials

(III) BOARD COMMITTEES

There are three board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, established by the Board for overseeing different functions delegated by the Board.

(a) Audit Committee

The Audit Committee was established with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee currently comprises the following members:

Independent Non-Executive Directors:

Mr. David Li Ka Fai, MH *(Chairman of the Committee)*
Mr. Francis Bong Shu Ying *(Member)*
Ms. Alice Kan Lai Kuen *(Member)*
Mr. Abraham Shek Lai Him, GBS, JP *(Member)*

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the interim and annual financial statements.

As both the Board and the Audit Committee recommended to re-appoint the current external Auditor, Messrs. Ernst & Young, no circumstances exist as would require an explanation from the Audit Committee as to why the Board has taken a different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external Auditor.

In year 2024, the Audit Committee met twice and the meetings were attended by the external Auditor of the Company. The attendance rates of individual Audit Committee members of the Company were as follows:

Name of Audit Committee members	**Attendance**
Mr. David Li Ka Fai, MH *(Chairman of the Committee)*	2/2
Mr. Francis Bong Shu Ying	2/2
Ms. Alice Kan Lai Kuen	2/2
Mr. Abraham Shek Lai Him, GBS, JP	2/2

(b) Remuneration Committee

The Remuneration Committee was established with specific written terms of reference that deal with its authority and duties. The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange. The principal responsibilities of the Remuneration Committee are to review the remuneration of individual Directors and senior management and to make recommendations to the Board on the policy and structure for the determination of the remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy of the Company on such matters.

The Remuneration Committee currently comprises the following members:

Executive Director:

Mr. Lo Yuk Sui *(Member)*

Independent Non-Executive Directors:

Ms. Alice Kan Lai Kuen *(Chairman of the Committee)*
Mr. Francis Bong Shu Ying *(Member)*
Mr. David Li Ka Fai, MH *(Member)*

Mr. Kenneth Ng Kwai Kai, an Executive Director of the Company, has acted as the Secretary of the Committee.

In year 2024, the Remuneration Committee met once and has reviewed the Company's policy and structure for the remuneration of Directors and senior management. The attendance rates of individual Remuneration Committee members of the Company were as follows:

Name of Remuneration Committee members	Attendance
Ms. Alice Kan Lai Kuen *(Chairman of the Committee)*	1/1
Mr. Lo Yuk Sui	1/1
Mr. Francis Bong Shu Ying	1/1
Mr. David Li Ka Fai, MH	1/1

Pursuant to the terms of reference of the Remuneration Committee, the Remuneration Committee is delegated to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, including benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment).

The remuneration of the senior management (comprising Executive Directors) of the Company for the year ended 31st December, 2024 by band is set out below:

Remuneration band	Number of individuals
HK$500,001 – 1,000,000	4
Within bands from HK$1,000,001 – 2,000,000	1
HK$2,000,001 – 2,500,000	1

Further details of the Executive Directors' remuneration for the year ended 31st December, 2024 are disclosed in note 8 to the financial statements contained in this Annual Report.

(c) Nomination Committee

The Nomination Committee was established with specific written terms of reference by the Board for the purpose of making recommendations to the Board in relation to the nomination and appointment of Directors, with a view to ensuring fairness and transparency in the nomination and selection procedures. The terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee currently comprises the following members:

Executive Director:

Mr. Lo Yuk Sui *(Chairman of the Committee)*

Independent Non-Executive Directors:

Mr. Francis Bong Shu Ying *(Member)*
Ms. Alice Kan Lai Kuen *(Member)*
Mr. David Li Ka Fai, MH *(Member)*
Mr. Abraham Shek Lai Him, GBS, JP *(Member)*

The Company views diversity at the Board level essential for attaining the Group's strategic and business objectives as well as ensuring its sustainable development. A Board Diversity Policy has been adopted to set out the policy for designing the composition of the Board, aiming to achieve diversity with balanced skills and expertise. The diversity of the Board members is assessed basing on a range of perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional acumen, industry experience and other individual qualities. The Nomination Committee will discuss and review annually the structure, size and composition of the Board and agree on measurable objectives for achieving diversity on the Board and make relevant recommendation to the Board for adoption.

In year 2024, the Nomination Committee met once to review and assess the overall diversity of the composition of the Board with reference to the various aspects as set out in the Board Diversity Policy. The Nomination Committee also considered the biographical details and other related particulars of those Executive and Independent Non-Executive Directors of the Company, who retired and offered themselves for re-election at the annual general meeting of the Company held in June 2024 in accordance with the Articles of Association of the Company (the "then Retiring Directors"), with reference to the Board Diversity Policy and their contributions to the Board and the Group during their tenure. The particulars of the then Retiring Directors were disclosed in the Company's annual report for the year 2023 and its circular to the shareholders accompanying the 2023 annual report. The then Retiring Directors had extensive experience and knowledge in their respective professional and commercial fields, who could contribute valuable advice on the business and development of the Group and can also conform with the diversity policy of the Board. The then Retiring Directors were re-elected as Directors by the Company's shareholders at its 2024 annual general meeting. The attendance rates of individual Nomination Committee members of the Company were as follows:

Name of Nomination Committee members	**Attendance**
Mr. Lo Yuk Sui *(Chairman of the Committee)*	1/1
Mr. Francis Bong Shu Ying	1/1
Ms. Alice Kan Lai Kuen	1/1
Mr. David Li Ka Fai, MH	1/1
Mr. Abraham Shek Lai Him, GBS, JP	1/1

(IV) DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors of the Company acknowledge their responsibility for preparing the financial statements of the Group, which give a true and fair view of the state of affairs of the Group, and ensuring that appropriate accounting policies are selected and applied consistently and that the financial statements are prepared in accordance with the relevant statutory requirements and applicable accounting standards. The Directors will also ensure that the financial statements are published in a timely manner. As a manpower policy of the Group, which is subject to regular review by the Directors and senior management, adequate resources have been allocated to the accounting, financial reporting and internal audit functions, with staff members possessing appropriate qualifications and experience engaged in the discharge of those relevant functions. The relevant staff members attend seminars and workshops organised by the professional accounting bodies on a regular basis. The overall budgets allocated to those functions have been reviewed and considered to be adequate.

The statement by the external Auditor, Messrs. Ernst & Young, about their reporting responsibilities is set out in the Independent Auditor's Report contained in this Annual Report.

The financial statements are prepared on a going concern basis. The Directors confirm that, to the best of their knowledge, they are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

(V) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "Model Code") as the code of conduct governing the securities transactions by the Directors of the Company.

Following specific enquiry by the Company, the Directors have confirmed that they have complied with the Model Code during the year ended 31st December, 2024.

(VI) RISK MANAGEMENT AND INTERNAL CONTROL

The Board oversees the risk management and internal control systems of the Group on an ongoing basis. It has conducted an annual review of the effectiveness of the risk management and internal control systems of the Group during the year, including financial, operational and compliance controls and risk management and internal control functions, with a view to safeguarding the shareholders' investment and the Company's assets and business operations. The risk management and internal control systems of the Group are considered effective and adequate. Such systems were designed to manage rather than to eliminate the risk of failure in achieving the Group's business objectives.

Management of the Company has put into effect a set of corporate policies and procedures for the principal business operations of the Group, with an objective to achieving sound and effective risk management and internal control systems. Separate meetings participated by Executive Directors, Group Financial Controller and related division heads are held regularly to review the effectiveness of the risk management and internal control systems, to identify any significant management and operational risks as well as control failings or weaknesses, and also to review the need for any control improvements or updating to respond to changes in the business and external environment. While the regular monitoring of the risk management and internal control mechanisms is mainly conducted by the delegated Executive Directors and senior management staff members, support and advice from external consultants and professionals are sought as and when required.

The Board is responsible for the Company's risk management and internal control systems and for reviewing the effectiveness of such systems. Accordingly, while periodic committee meetings are held with the delegated Executive Directors and senior management staff members, clear instructions have been provided to management of the Company that any material issues relating to the risk management and internal control systems, particularly any incidence of significant control failings or weaknesses that has had, or might have, a material impact on the business of the Group is to be reported to the Board and the Audit Committee of the Company on a timely basis.

The Company has established policy for ensuring that inside information is disseminated to the public in an equal and timely manner in accordance with applicable laws and regulations. Senior management executives of the corporate affairs and financial control functions of the Group are delegated with responsibilities to control and monitor the proper procedures to be observed on the disclosure of inside information. Access to inside information is at all times confined to relevant senior management executives and on "as needed" basis, until proper disclosure or dissemination of inside information in accordance with applicable laws and regulations. Relevant personnel and other professional parties involved are reminded to preserve confidentiality of the inside information until it is publicly disclosed.

In addition, the Group's internal auditor has selected different aspects of the internal control system for his review on a regular basis and has confirmed to the Audit Committee that no material deficiency is noted.

(VII) AUDITOR'S REMUNERATION

Messrs. Ernst & Young have been re-appointed as the external auditor of the Company at the 2024 Annual General Meeting until the conclusion of the forthcoming 2025 Annual General Meeting.

The remuneration to Messrs. Ernst & Young, the auditor of the Company, in respect of the audit and non-audit services rendered for the year ended 31st December, 2024 were HK$1.5 million (2023 - HK$1.3 million) and HK$0.5 million (2023 - HK$0.4 million), respectively. The significant non-audit services covered by these fees are as follows:

Nature of services	**Fees paid (HK$ million)**
(1) Interim review of the financial statements of the Group for the six months ended 30th June, 2024	0.3
(2) Compliance and other services to the Group	0.2

(VIII) SHAREHOLDERS' RIGHT

Extraordinary general meetings may be convened upon receipt of written request submitted by two members of the Company. Such written requisition must state the purposes of the meeting, and be signed by the requisitionists and deposited at the Head Office of the Company at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong (for the attention of the Company Secretary). If the Directors do not within twenty-one days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors shall be reimbursed to them by the Company.

Shareholders may also send written enquiries to the Company for putting forward any enquiries or proposals to the Board of the Company at the abovementioned address (for the attention of the Company Secretary).

During the year ended 31st December, 2024, the Company has not made any changes to its Articles of Association. A consolidated version of the Memorandum of Association and Amended and Restated Articles of Association of the Company is available on the website of the Company.

(IX) DIVIDEND POLICY

The Company has adopted a dividend policy relating to the distribution of profits or surplus of the Company to its shareholders, which can be by way of dividends or in other form of distributions (the "Dividend Policy"). The objective of the Dividend Policy is to allow the Company's shareholders to participate in its profits while balancing the need for the Company to retaining adequate reserves to fund the continuing development and growth of the Group.

Any declaration or proposed payment of dividend or distribution will be subject to the determination by the Board. In deciding or determining whether to declare or propose a dividend or distribution payable to the shareholders and the amount and details of such dividend or distribution, the Board shall consider and take into account the following factors:

(i) the operating results of the Group;

(ii) the retained earnings and/or distributable reserves of the Company and the members of the Group;

(iii) the liquidity position of the Company and the Group;

(iv) the debt to equity ratio, the return on equity and the relevant financial covenants of the Group;

(v) contractual restrictions on the payment of dividends by the Company and the Group;

(vi) taxation considerations;

(vii) the working capital requirements and capital commitments of the Group and its plans for future growth and expansion;

(viii) the expected financial performance of the Group;

(ix) general economic conditions and other external factors that may impact on the business and/or financial performances of the Group; and

(x) any other factors that the Board may consider appropriate and relevant.

Any declaration or proposed payment of dividend or distribution by the Company is also subject to any requirements and restrictions under the Companies Law of the Cayman Islands, the Memorandum of Association and Amended and Restated Articles of Association of the Company, and any other applicable laws, rules and regulations. The Board will review the Dividend Policy from time to time and, at its sole and absolute discretion, update or revise the Dividend Policy as and when considered necessary or appropriate.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December, 2024

	Notes	2024 HK$ million	2023 HK$ million
REVENUE	5	**368.9**	77.3
Cost of sales		**(343.5)**	(66.4)
Gross profit		**25.4**	10.9
Other income	5	**7.4**	3.8
Fair value losses on investment properties	14	**(3.6)**	(1.9)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net		**4.2**	(19.1)
Impairment loss on properties under development		**(114.4)**	(63.3)
Impairment loss on properties held for sale		**(145.9)**	(108.9)
Loss on disposal of investment properties, net		**–**	(1.0)
Property selling and marketing expenses		**(7.4)**	(7.7)
Administrative expenses		**(50.8)**	(59.4)
OPERATING LOSS BEFORE DEPRECIATION		**(285.1)**	(246.6)
Depreciation	6	**(0.9)**	(1.3)
OPERATING LOSS		**(286.0)**	(247.9)
Finance costs	7	**(80.7)**	(80.3)
LOSS BEFORE TAX	6	**(366.7)**	(328.2)
Income tax	10	**(86.4)**	(44.1)
LOSS FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS		**(453.1)**	(372.3)

For the year ended 31st December, 2024

	Note	2024 HK$ million	2023 HK$ million
Attributable to:			
Equity holders of the parent		**(453.1)**	(372.3)
Non-controlling interests		**–**	–
		(453.1)	(372.3)
LOSS PER SHARE (INCLUDING ORDINARY SHARE AND CONVERTIBLE PREFERENCE SHARE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	12		
Basic and diluted		**HK (30.85) cents**	HK (32.35) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December, 2024

	2024 HK$ million	2023 HK$ million
LOSS FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(453.1)**	(372.3)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(53.8)**	(49.0)
Other comprehensive gain/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Fair value gain/(loss) on equity investments designated at fair value through other comprehensive income	**1.6**	(66.9)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(52.2)**	(115.9)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(505.3)**	(488.2)
Attributable to:		
Equity holders of the parent	**(505.3)**	(488.2)
Non-controlling interests	**–**	–
	(505.3)	(488.2)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December, 2024

	Notes	2024 HK$ million	2023 HK$ million
NON-CURRENT ASSETS			
Property, plant and equipment	13	**7.5**	8.5
Investment properties	14	**37.0**	47.9
Right-of-use assets	15	**–**	1.1
Investment in a joint venture	16	**2.4**	2.4
Prepayments	17	**144.3**	140.4
Equity investments designated at fair value through other comprehensive income	18	**4.8**	14.2
Total non-current assets		**196.0**	214.5
CURRENT ASSETS			
Properties under development	20	**1,207.6**	1,628.7
Properties held for sale		**1,660.2**	1,883.5
Loans receivable	21	**1.6**	1.9
Deposits, prepayments and other assets	17	**156.0**	65.7
Financial assets at fair value through profit or loss	22	**29.6**	129.7
Restricted cash	23	**38.6**	46.1
Pledged bank balances		**1.6**	1.8
Cash and bank balances		**12.3**	15.7
Total current assets		**3,107.5**	3,773.1
CURRENT LIABILITIES			
Creditors and accruals	24	**(325.3)**	(471.7)
Amount due to a related company	25	**–**	(41.5)
Contract liabilities	26	**(17.8)**	(304.4)
Deposits received		**(101.4)**	(105.6)
Interest bearing bank borrowing	27	**(12.5)**	(12.5)
Other borrowings	28	**(156.0)**	(847.2)
Lease liabilities	15	**–**	(0.4)
Tax payable		**(312.6)**	(317.5)
Total current liabilities		**(925.6)**	(2,100.8)
NET CURRENT ASSETS		**2,181.9**	1,672.3
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,377.9**	1,886.8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

As at 31st December, 2024

	Notes	2024 HK$ million	2023 HK$ million
NON-CURRENT LIABILITIES			
Creditors and accruals	24	**(25.8)**	(35.3)
Amount due to a related company	25	**(314.5)**	–
Deposits received		**(0.9)**	(0.6)
Other borrowings	28	**(1,169.0)**	(468.0)
Convertible notes	29	**(39.0)**	(38.3)
Lease liabilities	15	**–**	(0.7)
Deferred tax liabilities	30	**(147.6)**	(157.5)
Total non-current liabilities		**(1,696.8)**	(700.4)
Net assets		**681.1**	1,186.4
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	31	**29.4**	29.4
Reserves	32	**651.7**	1,157.0
		681.1	1,186.4
Non-controlling interests		**–**	–
Total equity		**681.1**	1,186.4

KELVIN LEUNG SO PO
Director

JIMMY LO CHUN TO
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2024

		Attributable to equity holders of the parent										
	Notes	Issued capital HK$ million	Share premium account HK$ million	Capital redemption reserve HK$ million	Capital reserve^ HK$ million	Fair value reserve HK$ million	Exchange equalisation reserve HK$ million	Contributed surplus# HK$ million	Equity component of convertible bonds/notes HK$ million	Other reserve HK$ million	Accumulated losses HK$ million	Total equity HK$ million
At 1st January, 2023		17.4	2,325.6	0.2	(411.9)	(485.2)	(214.6)	26.8	560.2	(1.1)	(406.7)	1,410.7
Loss for the year		–	–	–	–	–	–	–	–	–	(372.3)	(372.3)
Other comprehensive loss for the year:												
Fair value loss on equity investments designated at fair value through other comprehensive income		–	–	–	–	(66.9)	–	–	–	–	–	(66.9)
Exchange differences on translation of foreign operations		–	–	–	–	–	(49.0)	–	–	–	–	(49.0)
Total comprehensive loss for the year		–	–	–	–	(66.9)	(49.0)	–	–	–	(372.3)	(488.2)
Issue of bonus shares	31	5.1	(5.1)	–	–	–	–	–	–	–	–	–
Share issue expenses	31	–	(2.3)	–	–	–	–	–	–	–	–	(2.3)
Issue of bonus convertible notes	29	–	(2,318.2)	–	(4,085.0)	–	–	–	6,361.9	–	–	(41.3)
Conversion of convertible bonds	29, 31	4.5	447.0	–	412.9	–	–	–	(560.2)	–	–	304.2
Conversion of convertible notes	29, 31	2.4	185.3	–	330.7	–	–	–	(515.1)	–	–	3.3
At 31st December, 2023		29.4	632.3*	0.2*	(3,753.3)*	(552.1)*	(263.6)*	26.8*	5,846.8*	(1.1)*	(779.0)*	1,186.4

For the year ended 31st December, 2024

	Attributable to equity holders of the parent										
	Issued capital HK$ million	Share premium account HK$ million	Capital redemption reserve HK$ million	Capital reserve^ HK$ million	Fair value reserve HK$ million	Exchange equalisation reserve HK$ million	Contributed surplus# HK$ million	Equity component of convertible notes HK$ million	Other reserve HK$ million	Accumulated losses HK$ million	Total equity HK$ million
At 1st January, 2024	29.4	632.3	0.2	(3,753.3)	(552.1)	(263.6)	26.8	5,846.8	(1.1)	(779.0)	1,186.4
Loss for the year	–	–	–	–	–	–	–	–	–	(453.1)	(453.1)
Other comprehensive income/(loss) for the year:											
Fair value gain on equity investments designated at fair value through other comprehensive income	–	–	–	–	1.6	–	–	–	–	–	1.6
Exchange differences on translation of foreign operations	–	–	–	–	–	(53.8)	–	–	–	–	(53.8)
Total comprehensive income/(loss) for the year	–	–	–	–	1.6	(53.8)	–	–	–	(453.1)	(505.3)
At 31st December, 2024	29.4	632.3*	0.2*	(3,753.3)*	(550.5)*	(317.4)*	26.8*	5,846.8*	(1.1)*	(1,232.1)*	681.1

* These reserve accounts comprise the consolidated reserves of HK$651.7 million (2023 - HK$1,157.0 million) in the consolidated statement of financial position.

\# The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange at the time of the Group's reorganisation in 1991, net of subsequent distributions therefor. Under the Companies Law of the Cayman Islands, the contributed surplus is distributable under certain specific circumstances.

^ The capital reserve of the Group mainly represents the excessive amount of fair value of the Group's convertible bonds/notes at issuance date after debiting to the share premium.

	Notes	2024 HK$ million	2023 HK$ million
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(366.7)**	(328.2)
Adjustments for:			
Finance costs	7	**80.7**	80.3
Interest income		**(0.9)**	(0.3)
Depreciation of property, plant and equipment	6	**0.7**	0.8
Depreciation of right-of-use assets	6	**0.2**	0.5
Loss on disposal of investment properties, net		**–**	1.0
Fair value losses on investment properties	14	**3.6**	1.9
Fair value (gains)/losses on financial assets at fair value through profit or loss, net	6	**(4.2)**	19.1
Write-off of loans receivable	6	**0.2**	–
Write-off of other receivable	6	**–**	2.5
Impairment loss on properties under development	6	**114.4**	63.3
Impairment loss on properties held for sale	6	**145.9**	108.9
		(26.1)	(50.2)
Additions to properties under development		**(57.6)**	(235.0)
Decrease in properties held for sale		**234.0**	33.7
Decrease in financial assets at fair value through profit or loss		**104.3**	–
Increase in deposits, prepayments and other assets		**(131.9)**	(34.3)
Decrease/(Increase) in restricted cash		**6.1**	(22.0)
Increase/(Decrease) in creditors and accruals		**(23.7)**	0.7
Decrease in contract liabilities		**(282.7)**	(9.6)
Decrease in deposits received		**(0.5)**	(14.0)
Cash used in operations		**(178.1)**	(330.7)
Tax paid		**(60.2)**	(119.2)
Net cash flows used in operating activities		**(238.3)**	(449.9)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of assets	33(c)	**16.1**	–
Increase in loans receivable		**–**	(0.2)
Proceeds from disposal of investment properties		**6.1**	12.9
Additions to investment properties		**(0.1)**	(0.2)
Decrease/(Increase) in pledged bank balances		**0.2**	(0.6)
Interest received		**0.8**	0.2
Net cash flows from investing activities		**23.1**	12.1

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

For the year ended 31st December, 2024

	Notes	2024 HK$ million	2023 HK$ million
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of secured note	28(i)	**–**	312.0
Share issue expenses		**–**	(2.3)
Drawdown of other borrowings		**16.4**	419.2
Repayment of other borrowings		**(6.6)**	(311.2)
Advance from a related company	33(b)	**274.2**	41.5
Principal portion of lease payments	33(b)	**(0.2)**	(0.5)
Interest paid	33(b)	**(69.8)**	(49.2)
Net cash flows from financing activities		**214.0**	409.5
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(1.2)**	(28.3)
Cash and cash equivalents at beginning of year		**15.7**	55.5
Effect of foreign exchange rate changes, net		**(2.2)**	(11.5)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**12.3**	15.7
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**12.3**	15.7

At the end of the reporting period, the cash and cash equivalents balances of the Group amounting to HK$6.3 million (2023 - HK$7.8 million) were held by certain subsidiaries operating in Mainland China where exchange controls apply.

1. CORPORATE AND GROUP INFORMATION

Cosmopolitan International Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The head office and principal place of business of the Company is located at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in property development and investment and other investments, which are mainly focused in the People's Republic of China (the "PRC"), and investment in financial assets. There have been no significant changes in the activities during the year.

In the opinion of the Directors, the parent and the ultimate holding company of the Group is Century City International Holdings Limited ("CCIHL"), which was incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary share capital/ registered paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
			2024	2023	
Apex Team Limited	Hong Kong	HK$1	100	100	Financing
Bizwise Investments Limited	British Virgin Islands	US$1	100	100	Financing
Cosmopolitan International Finance Limited*	Hong Kong	HK$1	100	100	Financing and financial assets investment
Cosmopolitan International Management Services Limited*	Hong Kong	HK$1	100	100	Management services
Evercharm Investments Limited	British Virgin Islands	US$1	100	100	Financial assets investment
新疆麗寶生態開發有限公司**	PRC/ Mainland China	US$9,000,000 (2023 - US$8,800,000)	100	100	Property development
成都富博房地產開發有限公司**	PRC/ Mainland China	RMB281,000,000 (2023 - RMB207,240,000)	100	100	Property development

Name	Place of incorporation/ registration and business	Issued ordinary share capital/ registered paid-up capital	Percentage of equity interest attributable to the Company		Principal activities
			2024	2023	
天津市富都房地產開發有限公司**	PRC/ Mainland China	RMB155,505,000 (2023 - RMB100,000,000)	100	100	Property development
置富投資開發(成都)有限公司**	PRC/ Mainland China	HK$417,800,000 (2023 - HK$373,000,000)	100	100	Property development
富宏(深圳)貿易有限公司**	PRC/ Mainland China	RMB10,000,000	100	100	Development consultancy

* These are direct subsidiaries of the Company.
** These subsidiaries are registered as wholly foreign owned enterprises under the PRC laws.

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

2 ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest million except when otherwise indicated.

The Group had a net loss attributable to owners of the parent of HK$453.1 million (2023 – HK$372.3 million) for the year ended 31st December, 2024 and net current assets of HK$2,181.9 million (2023 – HK$1,672.3 million) and net assets of HK$681.1 million (2023 – HK$1,186.4 million) as at 31st December, 2024.

The financial statements were prepared based on the assumption that the Group can be operated as a going concern and the Directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31st December, 2024, after taking into consideration the following:

(i) the estimated cash flows of the Group for the next twelve months from the end of the reporting period;

(ii) the plan for the acceleration of the sales of the Group's property assets which are readily available for sale, including the office units and other components of the development projects in Chengdu and Tianjin;

(iii) the financial support provided by the listed parent company of the Group; and

(iv) the available unutilised banking facilities of the Group.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31st December, 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 described above.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's 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* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1st January, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1st January, 2025
2 Effective for annual periods beginning on or after 1st January, 2026
3 Effective for annual/reporting periods beginning on or after 1st January, 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies*, *Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1st January, 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 Consolidated Financial Statements, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* only apply to contracts that reference nature-dependent electricity and clarify the application of the "own-use" requirements for in-scope contracts. The amendments to HKFRS 9 will now allow an entity designating a contract referencing nature-dependent electricity as the hedging instrument in a hedge of forecast electricity transactions, to designate a variable nominal amount of forecast electricity transactions as the hedged item. HKFRS 7 has been amended to require disclosures relating to contracts that have been excluded from the scope of HKFRS 9 as a result of the amendments. In such cases, an entity must disclose in a single note:

- Information about the contractual features that expose the entity to variability in an underlying amount of electricity and the risk that the entity would be required to buy electricity during a delivery interval where it cannot use it.
- Information about unrecognised contractual commitments arising from such contracts.
- Qualitative and quantitative information about the effects on the entity's financial performance for the reporting period interval where it cannot use it.

The HKFRS 7 disclosure amendments must be applied when the HKFRS 9 amendments are applied. The clarifications regarding the "own use" requirements must be applied retrospectively without using hindsight, but the guidance permits hedge accounting to be applied retrospectively to new hedging relationships designated on or after the date of initial application. The Amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in the statement of profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31st December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

(b) Investment in a joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in a joint venture is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of a joint venture is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's investment in the joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

(c) Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

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

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

(d) Impairment of non-financial assets

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

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

(e) Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, direct costs of construction, applicable borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to properties held for sale.

(f) Properties held for sale

Properties held for sale are classified as current assets and stated at the lower of cost and net realisable value on an individual property basis. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Net realisable value is determined by reference to the prevailing market prices.

(g) Property, plant and equipment and depreciation

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

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

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

Buildings	Over the shorter of 20 years and the remaining lease terms of the leasehold land on which the buildings are located
Leasehold improvements	Over the shorter of the remaining lease terms and 10%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

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

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

(h) Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

(i) Investments and other financial assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade debtors that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debtors that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised in the statement of profit or loss when the right of payment has been established.

(j) Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost (other than trade debtors) are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade debtors which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade debtors that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group 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.

(k) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (i) the Group has transferred substantially all the risks and rewards of the asset, or (ii) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(l) Financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables as appropriate.

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

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables and borrowings)
After initial recognition, trade and other payables, and interest bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

Financial guarantee contracts
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Convertible bonds/notes
The component of convertible bonds/notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds/notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond/notes; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds/notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

(m) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

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

(n) Offsetting of financial instruments

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

(o) Revenue recognition

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

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

(a) Sale of properties
Revenue from the sale of properties is recognised at the point in time when the purchasers obtain the physical possession or the legal title of the completed property and the Group has a present right to payment and the collection of the consideration is probable.

Some contracts for the sale of properties involve a difference in timing between the timing of payments and the transfer of properties. The difference in timing give rise to significant financing component.

Revenue from other sources
Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Net gain or loss from the sale of investments at fair value through profit or loss is recognised on the transaction dates when the relevant contract notes are exchanged.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Other income
Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(p) Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(q) Contract costs

Increment costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. 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.

(r) Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries and joint venture are currencies other than the Hong Kong dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange equalisation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

(s) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries/jurisdictions in which the Group operates.

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and a joint venture, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Leases

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

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets
Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the lease terms.

(b) Lease liabilities
Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. 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, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of certain office premises and staff quarters (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

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

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(u) Employee benefits

Staff retirement schemes
The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong 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' relevant income and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, part or all of which are refunded to the Group when the employee leaves employment prior to the contributions vesting with the employee partly or fully, in accordance with the rules of the MPF Scheme.

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

(v) Related parties

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

(i) the party is a person or a close member of that person's family and that person

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

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

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

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

(3) the entity and the Group are joint ventures of the same third party;

(4) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(6) the entity is controlled or jointly controlled by a person identified in (i);

(7) a person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

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

(w) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(x) Provisions

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

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of impairment.

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

(y) Borrowing costs

Borrowing costs directly attributable to the acquisition and construction of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(z) Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

(aa) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Income taxes
The Group has exposure to income taxes in different jurisdictions. Significant judgement is involved in determining the provision for income taxes. Determining income tax provisions involves judgement on the future tax treatment of certain transactions and interpretation of tax rules. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation, interpretations and practices in respect thereof.

Property lease classification – Group as lessor
The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Classification between investment properties and properties held for sale
Judgement is made by management on determining whether a property is reclassified between an investment property and a property held for sale. For a transfer from properties held for sale to investment properties, the transfer shall be made when, and only when, there is a change in use, such as evidenced by inception of an operating lease to another party.

Classification between investment properties and owner-occupied properties
The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(b) Estimation uncertainty

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

Impairment of non-financial assets (other than goodwill)
The Group assesses whether there are any indicators of impairment for all non-financial assets (including right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for ECLs on financial assets at amortised cost (other than trade debtors)
The Group uses the general approach to calculate ECLs on financial assets (other than trade debtors) at amortised cost which are determined with reference to, inter alia, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, change in which can result in different levels of allowances. At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also forward-looking analysis.

Allocation of construction costs on properties under development
Development costs of properties are recorded as properties under development during the construction stage and will be transferred to properties held for sale upon completion. An apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sales of properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated saleable area of the entire project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

Estimation of net realisable values of properties under development and held for sale

The Group performs regular review of the carrying amounts of properties under development and held for sale with reference to prevailing market data such as most recent sale transactions and internal estimates such as future selling prices and costs to completion of properties.

Based on this review, write-down of properties will be made when the estimated net realisable values decline below their carrying amounts. Due to changes in market and economic conditions, management's estimates may be adjusted.

Impairment loss of properties under development and properties held for sale to net realizable value amounted to HK$114.4 million and HK$145.9 million, respectively were recognised in profit or loss during the year ended 31st December, 2024. The carrying amounts of the Group's properties under development and properties held for sale as at 31st December, 2024 were HK$1,207.6 million (2023 - HK$1,628.7 million) and HK$1,660.2 million (2023 - HK$1,883.5 million), respectively. Further details of properties under development are given in note 20 to the financial statements.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31st December, 2024 was HK$37.0 million (2023 - HK$47.9 million). Further details, including the key assumptions used for fair value measurement, are given in note 14 to the financial statements.

PRC Land appreciation tax ("LAT")

LAT is levied on the appreciation of land value, being the proceeds from the sales of properties less deductible expenditure including land costs, borrowing costs and other property development expenditure.

The subsidiaries engaging in the property development business in the PRC are subject to LAT, which have been included in the tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its LAT returns with various tax authorities. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these tax liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax expense and provisions for LAT in the period in which such determination is made.

Fair value of unlisted equity investment

The Group has an unlisted equity investment irrevocably designated at fair value through other comprehensive income and classifies the fair value of the unlisted equity investment as Level 3. The Group performed a recoverability assessment and determined the realisable value and the fair value of the unlisted equity investment at 31st December, 2024 to be zero (2023 - zero). Further details are included in note 18 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the property development and investment segment comprises the development and sale of properties and the leasing of properties; and

(b) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's loss before tax except that certain interest income, non-lease-related finance costs, head office and corporate gains and expenses are excluded from such measurement.

Segment assets exclude loans receivable, restricted cash, pledged bank balances, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude convertible notes, interest bearing bank borrowing, amount due to a related company, certain other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2024 and 2023:

	Property development and investment		Financial assets investments		Consolidated	
	2024 HK$ million	2023 HK$ million	2024 HK$ million	2023 HK$ million	2024 HK$ million	2023 HK$ million
Segment revenue (Note 5)						
Sales to external customers	339.1	75.8	29.8	1.5	368.9	77.3
Segment results before depreciation	(295.4)	(204.5)	34.0	(17.6)	(261.4)	(222.1)
Depreciation	(0.9)	(1.3)	–	–	(0.9)	(1.3)
Segment results	(296.3)	(205.8)	34.0	(17.6)	(262.3)	(223.4)
Unallocated interest income and unallocated non-operating and corporate gains					0.9	0.3
Unallocated non-operating and corporate expenses					(24.6)	(24.8)
Finance costs (other than interest on lease liabilities)	(45.3)	(37.8)	–	–	(45.3)	(37.8)
Unallocated finance costs					(35.4)	(42.5)
Loss before tax					**(366.7)**	**(328.2)**
Income tax					**(86.4)**	**(44.1)**
Loss for the year before allocation between equity holders of the parent and non-controlling interests					**(453.1)**	**(372.3)**
Attributable to:						
Equity holders of the parent					**(453.1)**	**(372.3)**
Non-controlling interests					**–**	**–**
					(453.1)	**(372.3)**

	Property development and investment		Financial assets investments		Consolidated	
	2024 HK$ million	2023 HK$ million	2024 HK$ million	2023 HK$ million	2024 HK$ million	2023 HK$ million
Segment assets	3,078.5	3,774.1	167.8	145.1	3,246.3	3,919.2
Investment in a joint venture	2.4	2.4	–	–	2.4	2.4
Cash and unallocated assets					54.8	66.0
Total assets					3,303.5	3,987.6
Segment liabilities	(601.3)	(1,748.6)	–	–	(601.3)	(1,748.6)
Unallocated liabilities					(2,021.1)	(1,052.6)
Total liabilities					(2,622.4)	(2,801.2)
Other segment information:						
Capital expenditure	37.1	405.1	–	–		
Fair value (gains)/losses on financial assets at fair value through profit or loss, net	–	–	(4.2)	19.1		
Loss on disposal of investment properties, net	–	1.0	–	–		
Fair value losses on investment properties	3.6	1.9	–	–		
Write-off of other receivable	–	2.5	–	–		
Impairment loss on properties held for sale	145.9	108.9	–	–		
Impairment loss on properties under development	114.4	63.3	–	–		

Geographical information

(a) Revenue from external customers

	2024 HK$ million	2023 HK$ million
Hong Kong	**29.8**	1.5
Mainland China	**339.1**	75.8
Total revenue	**368.9**	77.3

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024 HK$ million	2023 HK$ million
Hong Kong	**–**	–
Mainland China	**191.2**	200.3
Total non-current assets	**191.2**	200.3

The non-current assets information above is based on the locations of the assets and excludes financial instruments.

Information about a major customer

In the year under review, sales to the Group's largest customer accounted for 59% (2023: Nil) of the total sales for the year. No more than 10% of the Group's revenue was derived from sales to any other single customer.

5. REVENUE AND OTHER INCOME

Revenue and other income are analysed as follows:

	2024 HK$ million	2023 HK$ million
Revenue		
Revenue from contracts with customers		
Proceeds from sale of properties	**337.6**	74.0
Revenue from other sources		
Rental income	**1.5**	1.8
Net gain from sale of financial assets at fair value through profit or loss	**27.9**	–
Dividend income from listed investments	**1.9**	1.5
Total	**368.9**	77.3

Disaggregation of revenue from contracts with customers

All of the Group's revenue from contracts with customers for the year ended 31st December, 2024 represented proceeds from sale of properties to external customers of HK$337.6 million (2023 - HK$74.0 million) in Mainland China included in the "Property development and investment" segment where revenue of HK$291.8 million (2023 - HK$54.0 million) recognised was included in contract liabilities at the beginning of the reporting period. The proceeds from sale of properties were recognised at a point in time.

Performance obligation

The performance obligation of sales of properties is satisfied at the point in time when the purchasers obtain the physical possession or the legal title of the completed property. Customer generally paid deposit during pre-sale. The transaction prices were adjusted to reflect the effects of the time value of money and the significant benefit of financing.

The amounts of transaction prices allocated to the remaining performance obligation (unsatisfied or partially unsatisfied) as at 31st December are as follows:

	2024	**2023**
	HK$ million	**HK$ million**
Amounts expected to be recognised as revenue:		
Within one year	**22.3**	388.5

	2024	**2023**
	HK$ million	**HK$ million**
Other income		
Bank interest income	**0.2**	0.2
Other interest income	**0.7**	–
Others	**6.5**	3.6
Total	**7.4**	3.8

6. LOSS BEFORE TAX

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

	2024 HK$ million	2023 HK$ million
Cost of properties sold	**341.8**	65.9
Depreciation of property, plant and equipment	**0.7**	0.8
Depreciation of right-of-use assets	**0.2**	0.5
	0.9	1.3
Employee benefit expense (exclusive of Directors' remuneration as disclosed in note 8):		
Salaries, wages and allowances	**21.1**	25.1
Staff retirement scheme contributions*	**2.6**	3.0
	23.7	28.1
Less: Staff costs capitalised in respect of property development projects:		
Salaries, wages and allowances	**(5.9)**	(6.0)
Staff retirement scheme contributions	**(0.6)**	(0.7)
Total	**17.2**	21.4
Write-off of loans receivable	**0.2**	–
Write-off of other receivable	**–**	2.5
Impairment loss on properties under development	**114.4**	63.3
Impairment loss on properties held for sale	**145.9**	108.9
Auditor's remuneration	**1.5**	1.3
Lease payments not included in the measurement of lease liabilities	**0.3**	0.4
Fair value (gains)/losses on financial assets at fair value through profit or loss, net – held for trading	**(4.2)**	19.1
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**0.1**	0.2
Foreign exchange differences, net	**(0.1)**	0.1

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

	2024 HK$ million	2023 HK$ million
Interest on a bank loan	**0.8**	0.7
Interest on convertible bonds/notes	**3.4**	17.0
Interest on other borrowings	**76.5**	62.6
Interest expense arising from revenue contracts	**–**	2.7
Subtotal	**80.7**	83.0
Less: Finance costs capitalised	**–**	(2.7)
Total	**80.7**	80.3

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 HK$ million	2023 HK$ million
Fees	**2.4**	2.4
Other emoluments:		
Salaries, allowances and benefits in kind	**5.0**	4.9
Staff retirement scheme contributions	**0.4**	0.4
Total	**7.8**	7.7

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 HK$ million	2023 HK$ million
Independent non-executive directors:		
Mr. Francis Bong Shu Ying	**0.35**	0.35
Ms. Alice Kan Lai Kuen	**0.35**	0.35
Mr. David Li Ka Fai, MH	**0.40**	0.40
Mr. Abraham Shek Lai Him, GBS, JP	**0.30**	0.30
Total	**1.40**	1.40

– For the year ended 31st December, 2024, the Directors' fees entitled by the independent non-executive directors of the Company also included a fee for serving as members of the Audit Committee (HK$0.15 million per annum and HK$0.1 million per annum as its chairman and a member, respectively), the Nomination Committee (HK$0.05 million per annum) and the Remuneration Committee (HK$0.05 million per annum) of the Company, where applicable, amounted to HK$1.40 million (2023 - HK$1.40 million, which also included fees for serving as members of the Board Committees).

There were no other emoluments payable to the independent non-executive directors during the year (2023 - Nil).

(b) Executive directors

	Fees HK$ million (Note)	Salaries, allowances and benefits in kind HK$ million	Staff retirement scheme contributions HK$ million	Total remuneration HK$ million
2024				
Mr. Lo Yuk Sui	0.25	1.14	0.11	1.50
Mr. Jimmy Lo Chun To	0.15	1.80	0.10	2.05
Ms. Lo Po Man	0.15	0.45	0.05	0.65
Mr. Kenneth Wong Po Man	0.15	0.51	0.05	0.71
Mr. Kelvin Leung So Po	0.15	0.47	0.05	0.67
Mr. Kenneth Ng Kwai Kai	0.15	0.58	0.05	0.78
Total	1.00	4.95	0.41	6.36
2023				
Mr. Lo Yuk Sui	0.25	1.14	0.11	1.50
Mr. Jimmy Lo Chun To	0.15	1.79	0.10	2.04
Ms. Lo Po Man	0.15	0.45	0.05	0.65
Mr. Kenneth Wong Po Man	0.15	0.53	0.05	0.73
Mr. Kelvin Leung So Po	0.15	0.47	0.05	0.67
Mr. Kenneth Ng Kwai Kai	0.15	0.50	0.05	0.70
Total	1.00	4.88	0.41	6.29

Note:

— For the year ended 31st December, 2024, the fees entitled by Mr. Lo Yuk Sui also included a fee of HK$0.05 million (2023 - HK$0.05 million) per annum for serving as a member of each of the Nomination Committee and the Remuneration Committee of the Company.

There was no arrangement under which a Director waived or agreed to waive any remuneration during the year (2023 - Nil).

9. SENIOR EXECUTIVES' EMOLUMENTS

The five highest paid individuals during the year included three (2023 - two) Directors, details of whose remuneration are disclosed in note 8 to the financial statements. Details of the remuneration for the year of the remaining two (2023 - three) highest paid individuals, who were neither Directors nor chief executive of the Company, are as follows:

	2024 HK$ million	2023 HK$ million
Salaries, allowances and benefits in kind	**1.5**	2.6
Staff retirement scheme contributions	**0.1**	0.2
Total	**1.6**	2.8

The emoluments of the remaining two (2023 - three) individuals fell within the following bands:

	2024 Number of individuals	2023 Number of individuals
HK$500,001 to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**–**	1
Total	**2**	3

10. INCOME TAX

	2024 HK$ million	2023 HK$ million
Current – Hong Kong		
Charge for the year	**0.9**	–
Current – PRC		
Corporate income tax	**15.2**	39.3
Land appreciation tax	**81.2**	87.6
Deferred (note 30)	**(10.9)**	(82.8)
Total tax charge for the year	**86.4**	44.1

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

No provision for Hong Kong profits tax had been made in the prior year as the Group did not generate any assessable profits arising in Hong Kong during that year.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

The PRC land appreciation tax ("LAT") is levied on the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for tax was required for the joint venture as no assessable profits were earned by the joint venture during the year (2023 - Nil).

A reconciliation of the tax charge applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax amount at the Group's effective tax rates is as follows:

2024

	Hong Kong HK$ million	%	Mainland China HK$ million	%	Total HK$ million
Loss before tax	**(71.9)**		**(294.8)**		**(366.7)**
Tax at the statutory tax rate	**(11.9)**	**16.5**	**(73.7)**	**25.0**	**(85.6)**
Income not subject to tax	**(3.3)**		**(9.2)**		**(12.5)**
Expenses not deductible for tax	**9.1**		**30.4**		**39.5**
Tax losses utilised from previous years	**(0.5)**		**(0.7)**		**(1.2)**
Tax losses not recognised during the year	**7.5**		**62.3**		**69.8**
LAT provided	**–**		**81.2**		**81.2**
Tax effect on LAT	**–**		**(20.3)**		**(20.3)**
Others	**–**		**15.5**		**15.5**
Tax charge for the year	**0.9**		**85.5**		**86.4**

2023

	Hong Kong HK$ million	%	Mainland China HK$ million	%	Total HK$ million
Loss before tax	(122.5)		(205.7)		(328.2)
Tax at the statutory tax rate	(20.2)	16.5	(51.4)	25.0	(71.6)
Income not subject to tax	(0.3)		–		(0.3)
Expenses not deductible for tax	13.0		1.6		14.6
Tax losses utilised from previous years	–		(1.0)		(1.0)
Tax losses not recognised during the year	7.5		10.1		17.6
LAT provided	–		87.6		87.6
Tax effect on LAT	–		(21.9)		(21.9)
Others	–		19.1		19.1
Tax charge for the year	–		44.1		44.1

11. DIVIDEND

No dividend was paid or proposed during the year ended 31st December, 2024, nor has any dividend been proposed since the end of the reporting period (2023 - Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

(a) Basic loss per share

The calculation of the basic loss per share for the year ended 31st December, 2024 is based on the loss for the year attributable to equity holders of the parent of HK$453.1 million (2023 - HK$372.3 million) and on the weighted average number of 1,469.2 million (2023 - 1,150.6 million) shares of the Company outstanding (including ordinary shares and convertible preference shares) during the year ended 31st December, 2024.

(b) Diluted loss per share

No adjustment has been made to the loss per share amount presented for the years ended 31st December, 2024 and 2023 in respect of a dilution, as the impact of the convertible notes outstanding during the years had an anti-dilutive effect on the loss per share amount presented.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$ million	Leasehold improvements HK$ million	Furniture, fixtures and equipment HK$ million	Motor vehicles HK$ million	Total HK$ million
31st December, 2024					
At 1st January, 2024:					
Cost	10.7	3.7	3.8	2.2	20.4
Accumulated depreciation	(3.1)	(3.4)	(3.6)	(1.8)	(11.9)
Net carrying amount	7.6	0.3	0.2	0.4	8.5
At 1st January, 2024, net of accumulated depreciation	7.6	0.3	0.2	0.4	8.5
Depreciation provided during the year	(0.5)	–	(0.1)	(0.1)	(0.7)
Write-off/Disposals	–	–	(0.1)	–	(0.1)
Write-back of depreciation upon write-off/disposals	–	–	0.1	–	0.1
Exchange realignment	(0.2)	(0.1)	–	–	(0.3)
At 31st December, 2024, net of accumulated depreciation	6.9	0.2	0.1	0.3	7.5
At 31st December, 2024:					
Cost	10.3	3.6	3.7	2.1	19.7
Accumulated depreciation	(3.4)	(3.4)	(3.6)	(1.8)	(12.2)
Net carrying amount	6.9	0.2	0.1	0.3	7.5

	Buildings HK$ million	Leasehold improvements HK$ million	Furniture, fixtures and equipment HK$ million	Motor vehicles HK$ million	Total HK$ million
31st December, 2023					
At 1st January, 2023:					
Cost	11.0	3.7	3.9	2.2	20.8
Accumulated depreciation	(2.7)	(3.3)	(3.6)	(1.7)	(11.3)
Net carrying amount	8.3	0.4	0.3	0.5	9.5
At 1st January, 2023, net of accumulated depreciation	8.3	0.4	0.3	0.5	9.5
Depreciation provided during the year	(0.5)	(0.1)	(0.1)	(0.1)	(0.8)
Write-off/Disposals	–	–	(0.1)	–	(0.1)
Write-back of depreciation upon write-off/disposals	–	–	0.1	–	0.1
Exchange realignment	(0.2)	–	–	–	(0.2)
At 31st December, 2023, net of accumulated depreciation	7.6	0.3	0.2	0.4	8.5
At 31st December, 2023:					
Cost	10.7	3.7	3.8	2.2	20.4
Accumulated depreciation	(3.1)	(3.4)	(3.6)	(1.8)	(11.9)
Net carrying amount	7.6	0.3	0.2	0.4	8.5

14. INVESTMENT PROPERTIES

The movements of investment properties during the year are as follows:

	2024 HK$ million	2023 HK$ million
Carrying amount at 1st January	**47.9**	65.2
Capital expenditure for the year	**0.1**	0.2
Disposals	**(6.1)**	(13.9)
Net loss from fair value adjustments	**(3.6)**	(1.9)
Exchange realignment	**(1.3)**	(1.7)
Carrying amount at 31st December	**37.0**	47.9

The Directors of the Company determined the Group's investment properties into different classes of asset based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31st December, 2024 and 2023 based on valuations performed by Vincorn Consulting and Appraisal Limited, independent professionally qualified valuer, at RMB34.9 million (HK$37.0 million) (2023 - RMB43.7 million (HK$47.9 million)). Each year, the Group's management selects the external valuers to be appointed for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management also has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuations are performed for interim and annual financial reporting. Certain of the Group's investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

Further particulars of the Group's investment properties are included on page 126.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31st December, 2024 using			
	Quoted prices in active markets (Level 1) HK$ million	Significant observable inputs (Level 2) HK$ million	Significant unobservable inputs (Level 3) HK$ million	Total HK$ million
Commercial properties	**–**	**–**	**37.0**	**37.0**

	Fair value measurement as at 31st December, 2023 using			
	Quoted prices in active markets (Level 1) HK$ million	Significant observable inputs (Level 2) HK$ million	Significant unobservable inputs (Level 3) HK$ million	Total HK$ million
Commercial properties	–	–	47.9	47.9

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (2023 - Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range	
			2024	2023
Commercial properties	Income capitalisation method	Capitalisation rate	5.5%	5.5%
		Estimated rental value per square metre and per month	RMB85 to RMB169	RMB93 to RMB186

Under the income capitalisation method, the fair value is estimated based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sales transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have been assessed with reference to recent lettings, within the subject properties and other comparable properties.

A significant increase/(decrease) in the estimated rental value would result in a significant increase/(decrease) in the fair value of the commercial properties and a significant increase/(decrease) in the capitalisation rate would result in a significant decrease/(increase) in the fair value of the commercial properties.

15. RIGHT-OF-USE ASSETS/LEASE LIABILITIES

The Group as a lessee

The Group has lease contracts for office premises and staff quarters. During the year, the lease of an office premise with lease term of 3 years has been terminated. Other office premises and staff quarters generally have lease terms of 12 months or less.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	2024 HK$ million	2023 HK$ million
As at 1st January	**1.1**	0.2
Modification	**–**	1.4
Termination	**(0.9)**	–
Depreciation charge	**(0.2)**	(0.5)
As at 31st December	**–**	1.1

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2024 HK$ million	2023 HK$ million
Carrying amount at 1st January	**1.1**	0.2
Modification	**–**	1.4
Termination	**(0.9)**	–
Payments	**(0.2)**	(0.5)
Carrying amount at 31st December	**–**	1.1
Analysed into:		
Due within one year	**–**	0.4
Due in the second year	**–**	0.5
Due in the third to fifth year, inclusive	**–**	0.2
	–	1.1

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 HK$ million	2023 HK$ million
Depreciation charge of right-of-use assets	**0.2**	0.5
Expense relating to short-term leases (included in administrative expenses)	**0.3**	0.4
Total amount recognised in profit or loss	**0.5**	0.9

(d) The total cash outflow for leases is disclosed in note 33(d).

The Group as a lessor

The Group leases its investment properties (note 14) consisting of commercial properties in the PRC under operating lease arrangements. The Group also leases certain commercial units under operating lease arrangements. The terms of the leases generally required the tenants to pay security deposits and, in certain cases, provided for periodic rent adjustments according to the terms under the leases. Rental income recognised by the Group during the year was HK$1.5 million (2023 - HK$1.8 million), details of which are included in note 5 to the financial statements.

As at the end of the reporting period, the undiscounted lease payments receivables by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 HK$ million	2023 HK$ million
Within one year	**2.9**	3.5
After one year but within two years	**4.0**	2.3
After two years but within three years	**4.6**	3.1
After three years but within four years	**4.6**	3.0
After four years but within five years	**4.6**	3.3
After five years	**24.4**	21.7
Total	**45.1**	36.9

16. INVESTMENT IN A JOINT VENTURE

	2024 HK$ million	2023 HK$ million
Share of net assets	**2.4**	2.4

Particulars of the Group's joint venture are as follows:

Name	Place of incorporation/ business	Particulars of issued shares held	Percentage of equity interest attributable to the Group 2024	2023	Principal activity
Faith Crown Holdings Limited ("Faith Crown")	British Virgin Islands	Ordinary shares of US$1 each	**50**	50	Inactive

The joint venture is indirectly held by the Company and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Faith Crown:

	2024 HK$ million	2023 HK$ million
Share of the joint venture's loss for the year and total comprehensive loss for the year	**–**	–
Share of net assets of the joint venture and carrying amount of the investment	**2.4**	2.4

17. DEPOSITS, PREPAYMENTS AND OTHER ASSETS

	Notes	2024 HK$ million	2023 HK$ million
Non-current			
Prepayments	(a)	**144.3**	140.4
Current			
Trade debtors	(b)	**0.5**	0.6
Contract costs		**0.1**	2.5
Prepayments		**19.6**	58.5
Deposits		**–**	0.1
Other receivables	(c)	**135.8**	4.0
Total		**156.0**	65.7

Notes:

(a) The amount related to the costs incurred in relation to a re-forestation project in Urumqi, Xinjiang Uygur Autonomous Region, the PRC. In accordance with the prevailing relevant policies and regulations, upon the agreed completion (which has to be certified by the relevant government authorities) of re-forestation works in respect of that land, as well as the completion of the land listing and tender procedures in accordance with the relevant rules and regulations, the Group shall be entitled to monetary compensation in reference to the cost incurred and/or the valuation of the land use right in respect of 30% of the overall project area for development purposes and to participate in the tender of such land use right.

In the prior years, the Group completed the milestones required by the relevant PRC government authorities and obtained affirmations to confirm the fulfillments of the conditions agreed with the relevant policies and regulations. Despite the delay in the progress of the re-forestation works, based on the latest legal opinion obtained, the legitimate interests of the Group in the relevant re-forestation contract remain valid and effective and the Directors of the Company are of the opinion that costs incurred for the re-forestation works are fully recoverable in future in accordance with the applicable policies and regulations.

(b) Trade debtors, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amounts less impairment.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over these balances.

The ageing analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	2024 HK$ million	2023 HK$ million
Outstanding balances with ages:		
Within 3 months	**–**	0.1
Over 1 year	**1.0**	1.0
	1.0	1.1
Impairment	**(0.5)**	(0.5)
Total	**0.5**	0.6

The movements in provision for impairment of trade debtors are as follows:

	2024 HK$ million	2023 HK$ million
At 1st January	**0.5**	0.6
Exchange realignment	**–**	(0.1)
31st December	**0.5**	0.5

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade debtors using a provision matrix:

As at 31st December, 2024

	Past due		
	Within 3 months	**Over 1 year**	**Total**
Expected credit loss rate	**–**	**50%**	**50%**
Gross carrying amount (HK$'million)	**–**	**1.0**	**1.0**
Expected credit losses (HK$'million)	**–**	**0.5**	**0.5**

As at 31st December, 2023

	Past due		
	Within 3 months	**Over 1 year**	**Total**
Expected credit loss rate	–	50%	45.5%
Gross carrying amount (HK$'million)	0.1	1.0	1.1
Expected credit losses (HK$'million)	–	0.5	0.5

(c) Included in the balance is an amount of HK$132.2 million due from a brokerage company, representing the proceeds from the redemption of certain financial assets as at 31st December, 2024.

18. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 HK$ million	**2023 HK$ million**
Listed equity investment, at fair value		
AMTD IDEA Group (formerly known as AMTD International Inc.)	**4.8**	14.2
Unlisted equity investment, at fair value		
中電產融控股有限公司	**–**	–
	4.8	14.2

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considered these investments to be strategic in nature.

19. GOODWILL

	2024 HK$ million	2023 HK$ million
At 31st December:		
Cost	**235.1**	235.1
Accumulated impairment	**(235.1)**	(235.1)
	–	–

Impairment testing of goodwill

Goodwill acquired through business combinations was allocated to the Mainland China property development and investment cash-generating unit ("CGU") for impairment testing and was fully impaired in the prior years.

20. PROPERTIES UNDER DEVELOPMENT

Properties under development are analysed as follows:

	2024 HK$ million	2023 HK$ million
Carrying amount at 1st January	**1,628.7**	1,592.4
Additions	**25.1**	348.5
Transfer to properties held for sale	**(308.5)**	(227.8)
Impairment	**(114.4)**	(63.3)
Exchange realignment	**(23.3)**	(21.1)
Carrying amount at 31st December	**1,207.6**	1,628.7

Properties under development included under current assets expected to be completed within normal operating cycle and are expected to be recovered:

	2024 HK$ million	2023 HK$ million
Within one year	**1,207.6**	1,628.7

21. LOANS RECEIVABLE

	Notes	2024 HK$ million	2023 HK$ million
Current			
Secured loan	(i)	**1.6**	1.7
Unsecured loan	(ii)	**–**	0.2
		1.6	1.9

Notes:

(i) The secured loan bears interest at 5% per annum. The loan amount outstanding under the loan facility is secured by an equity pledge over a PRC company. The secured loan was originally due on 29th April, 2023. The extension of the term is currently under negotiation between the Group and the borrower, pending inter alia, finalisation of the revised repayment terms and applicable interest rate.

(ii) The unsecured loan in the prior year was interest free and was due on 17th September, 2023. Due to the uncertainty of the recoverability of the loan, the amount was fully written off during the year.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$ million	2023 HK$ million
Listed equity investments, at fair value	**29.6**	129.7

The above equity investments at 31st December, 2024 and 2023 were held for trading.

As at 31st December, 2024, certain of the Group's financial assets at fair value through profit or loss with a carrying value of HK$25.6 million (2023 - HK$21.8 million) were pledged to secure banking facilities granted to the Group.

23. RESTRICTED CASH

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to retain a certain amount of pre-sale proceeds received at designated bank accounts as guarantee deposits for the construction costs of the relevant properties or fullfill the requirements of the relevant authorities. As at 31st December, 2024, such guarantee deposits amounted to approximately HK$38.6 million (2023 - HK$46.1 million) which can only be used for the payment of construction costs of the relevant properties and any surplus will be released after approval by the relevant authorities.

24. CREDITORS AND ACCRUALS

	Notes	2024 HK$ million	2023 HK$ million
Non-current			
Creditors		–	9.3
Due to a joint venture	(a)	**22.7**	22.7
Deferred income		**3.1**	3.3
		25.8	35.3
Current			
Creditors		**303.3**	453.7
Accruals		**9.4**	8.9
Due to fellow subsidiaries	(b)	**12.6**	9.1
		325.3	471.7

Notes:

(a) The amount due to a joint venture represents outstanding interest payable on advances from the joint venture which is unsecured, interest-free and not repayable within twelve months from the end of the reporting period.

(b) Included in the balance is an amount due to a fellow subsidiary of HK$11.9 million (2023 - HK$9.1 million) representing the accrued interest on the other borrowings which is secured by the pledge over the equity interests in the relevant holding companies of the Group's property development projects and repayable within one year. The remaining balance is unsecured, interest-free and repayable on demand.

25. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company is unsecured, interest-free and not repayable within one year. The amount as at 31st December, 2023 was repayable on demand and was classified as a current liability accordingly.

26. CONTRACT LIABILITIES

	31st December, 2024 HK$ million	31st December, 2023 HK$ million	1st January, 2023 HK$ million
Contract liabilities arising from:			
Sale of properties	**17.8**	304.4	320.4

Contract liabilities represent advances received from buyers in connection with the Group's sales of properties. The net decrease in contract liabilities in 2024 and 2023 was mainly attributable to the recognition of sales of properties during the years ended 31st December, 2024 and 2023 respectively.

27. INTEREST BEARING BANK BORROWING

	2024		2023	
	Maturity	HK$ million	Maturity	HK$ million
Current				
Bank loan – secured	**2025**	**12.5**	2024	12.5
Analysed into:				
Bank loan repayable within one year		**12.5**		12.5

The Group's facilities amounting to HK$20.0 million, of which HK$12.5 million (2023 - HK$12.5 million) had been utilised at 31st December, 2024, were secured by the pledge of certain of the Group's bank balances and financial assets at fair value through profit or loss amounting to HK$27.2 million (2023 - HK$23.6 million) in aggregate. As at 31st December, 2024, the outstanding loan facilities of the Group bore interest at the Hong Kong Interbank Offered Rate ("HIBOR") plus an interest margin of 1.25% per annum. The interest bearing bank borrowing was denominated in Hong Kong dollars.

28. OTHER BORROWINGS

	Notes	2024 HK$ million	2023 HK$ million
Secured notes	(i)	**468.0**	468.0
Other loans	(ii)	**857.0**	847.2
Total		**1,325.0**	1,315.2
Analysed into:			
Other borrowings repayable:			
Within one year		**156.0**	847.2
In the second year		**312.0**	156.0
In the third to fifth years, inclusive		**857.0**	312.0
		1,325.0	1,315.2

(i) On 19th September, 2022, Cosmopolitan International Finance Limited ("CIFL"), a wholly owned subsidiary of the Company, issued a 3-year unsecured note ("Note A") in an aggregate nominal principal amount of US$20 million at a coupon interest rate of HIBOR plus 0.6% per annum.

On 14th April, 2023, CIFL issued a 3-year secured note ("Note B") in an aggregate nominal principal amount of US$40 million at a coupon interest rate of HIBOR plus 3.11% per annum.

Upon the issuance of Note B, the Group pledged the equity interest in a holding company of the Group's property development project in Chengdu over both Note A and Note B.

(ii) Other loans, comprising a term loan of HK$357.0 million and revolving loan of HK$500.0 million (2023 - term loan of HK$357.0 million and revolving loan of HK$490.2 million) from a fellow subsidiary, are secured by the pledge over the equity interests in the relevant holding companies of the Group's property development projects. The loan facilities originally matured on 12th October, 2024 and bore interest at 5% per annum. Pursuant to a supplemental agreement entered into with that fellow subsidiary during the year, the repayment date of the revised loan facilities in the aggregate amount of HK$857.0 million was extended for three years to 12th October, 2027 and the interest rate was revised to HIBOR plus an interest margin of 1.95% per annum. The loans are accordingly classified as a non-current other borrowing as at 31st December, 2024.

29. CONVERTIBLE NOTES

On 4th December, 2023, the Company issued convertible notes with principal amount of HK$148.2 million ("CN 2053") with a maturity date on 4th December, 2053 pursuant to the Bonus Issue. CN 2053 contain two components: equity component and liability component. The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar note without conversion option. The residual amount is assigned as the equity component and is included in reserve. The effective interest rate of the liability component of CN 2053 is 9.05%.

In the prior year, outstanding convertible bonds with principal amount of HK$300.0 million were fully converted into 225,000,000 ordinary shares of the Company.

The movements of the equity component and liability component of the convertible bonds/notes are as follows:

	Equity component HK$ million	**Liability component HK$ million**	**Total HK$ million**
At 1st January, 2023	560.2	287.5	847.7
Issue of CN 2053	6,361.9	41.3	6,403.2
Conversion of convertible bonds/notes	(1,075.3)	(307.5)	(1,382.8)
Interest expenses (note 7)	–	17.0	17.0
At 31st December, 2023 and 1st January, 2024	5,846.8	38.3	5,885.1
Interest expenses (note 7)	–	3.4	3.4
Interest paid	–	(2.7)	(2.7)
At 31st December, 2024	5,846.8	39.0	5,885.8

Further details of CN 2053 are set out as follows:

Purpose	Bonus issue to the shareholders of the Company
Convertible notes:	CN 2053
Issue date:	4th December, 2023
Maturity date:	4th December, 2053
Principal amount:	HK$148.2 million
Coupon interest:	2% per annum payable annually
Conversion price to ordinary shares of the Company:	HK$0.10 per share (subject to adjustment)
Conversion period:	At any time from 4th December, 2023 to 4th December, 2053
Maximum number of shares of the Company to be issued based on the above conversion price:	1,482,226,414
Status as at 31st December, 2024:	Principal amount of HK$12,000,000 was converted into 120,000,000 ordinary shares on 4th December, 2023
	Outstanding principal amount of HK$136.2 million as at 31st December, 2024 were convertible into 1,362,226,414 ordinary shares
Redemption:	If any of the convertible notes have not been converted, they will be redeemed on the maturity date at 100% of their outstanding principal amounts.

30. DEFERRED TAX LIABILITIES

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax liabilities

	Temporary difference in carrying value of properties held for sale HK$ million	Fair value adjustments arising from acquisition subsidiaries HK$ million	Total HK$ million
Gross deferred tax liabilities at 1st January, 2023	9.3	230.7	240.0
Deferred tax credited to the statement of profit or loss during the year (note 10)	–	(22.5)	(22.5)
Exchange realignment	(0.2)	–	(0.2)
Gross deferred tax liabilities at 31st December, 2023 and at 1st January, 2024	9.1	208.2	217.3
Deferred tax charge/(credited) to the statement of profit or loss during the year (note 10)	31.8	(42.7)	(10.9)
Exchange realignment	(0.9)	–	(0.9)
Gross deferred tax liabilities at 31st December, 2024	40.0	165.5	205.5

Deferred tax asset

	Temporary difference in provision for LAT HK$ million
Gross deferred tax asset at 1st January, 2023	–
Deferred tax credited to the statement of profit or loss during the year (note 10)	60.3
Exchange realignment	(0.5)
Gross deferred tax asset at 31st December, 2023 and 1st January, 2024	59.8
Exchange realignment	(1.9)
Gross deferred tax asset at 31st December, 2024	57.9

For presentation purposes, certain deferred tax asset and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 HK$ million	2023 HK$ million
Net deferred tax liabilities recognised in the consolidated statement of financial position	147.6	157.5

The Group has unrecognised tax losses arising in Hong Kong amounting to HK$365.7 million (2023 - HK$323.3 million) at the end of the reporting period. The tax losses arising in Hong Kong, subject to the agreement by the Hong Kong Inland Revenue Department, are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets in respect of the above tax losses amounting to HK$60.3 million (2023 - HK$53.4 million) have not been recognised on account of the unpredictability of future profit streams. The Group also has tax losses arising in Mainland China of HK$335.3 million (2023 - HK126.8 million) that will expire in one to five years for offsetting against future taxable profits.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1st January, 2008 and applies to earnings after 31st December, 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1st January, 2008.

At 31st December, 2024, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$806.7 million at 31st December, 2024 (2023 - HK$1,021.5 million).

31. SHARE CAPITAL AND SHARE PREMIUM

	Note	2024 HK$ million	2023 HK$ million
Shares			
Authorised:			
12,060,239,047 ordinary shares of HK$0.02 each		**241.2**	241.2
439,760,952 convertible preference shares of HK$0.02 each	(a)	**8.8**	8.8
		250.0	250.0
Issued and fully paid:			
1,239,620,550 (2023 - 1,239,620,550) ordinary shares of HK$0.02 each		**24.8**	24.8
229,548,749 (2023 - 229,548,749) convertible preference shares of HK$0.02 each	(a)	**4.6**	4.6
		29.4	29.4

	2024 HK$ million	2023 HK$ million
Share premium		
Ordinary shares	**632.3**	632.3
Convertible preference shares	**–**	–
	632.3	632.3

Note:

(a) Each convertible preference share ("CPS") is non-redeemable by the Company or its holder and is convertible into one ordinary share of the Company, subject to adjustment upon the occurrence of consolidation or subdivision of the ordinary shares, at any time after issuance, provided that holders of a CPS may not exercise the conversion rights to the extent that would result in the Company failing to comply with the minimum public float requirement under the Listing Rules.

Each CPS shall confer on its holder the right to receive any dividend pari passu with holders of ordinary shares on the basis of the number of ordinary shares into which each CPS may be converted and on an as-if converted basis.

The holders of the CPS shall be entitled to receive notices of and to attend general meetings of the Company, but the CPS shall not confer on their holders the right to vote at a general meeting of the Company, except on a resolution for the winding-up of the Company.

A summary of the movements of the Company's share capital and share premium account during the year ended 31st December, 2024 and 2023 is as follows:

	Notes	Issued and fully paid		Share premium account
		Number of shares million	Amount HK$ million	Amount HK$ million
Ordinary shares				
At 1st January, 2023		6,392.5	12.8	2,095.6
Share consolidation	(i)	(5,753.3)	–	–
Issue of bonus shares	(ii)	255.4	5.1	(5.1)
Issue of bonus convertible notes	(ii)	–	–	(2,088.2)
Share issue expenses	(ii)	–	–	(2.3)
Conversion of convertible bonds	(iii)	225.0	4.5	447.0
Conversion of convertible notes	(iv)	120.0	2.4	185.3
At 31st December, 2023, 1st January, 2024 and at 31st December, 2024		1,239.6	24.8	632.3
Non-voting non-redeemable convertible preference shares of HK$0.02 each				
At 1st January, 2023		2,295.5	4.6	230.0
Share consolidation	(i)	(2,065.9)	–	–
Issue of bonus convertible notes	(ii)	–	–	(230.0)
At 31st December, 2023, 1st January, 2024 and at 31st December, 2024		229.6	4.6	–
Total share capital				
At 31st December, 2024 and 2023			29.4	632.3

Notes:

(i) As announced on 11th July, 2023, the Company proposed to, among others, (i) implement the share consolidation; and (ii) the Bonus Issue. Details of the above proposed transactions are contained in the joint announcement of the Company dated 11th July, 2023, the circular of the Company dated 5th October, 2023 and/or the prospectus of the Company dated 7th November, 2023. The above proposed transactions were approved by the shareholders of the Company at its extraordinary general meeting held on 24th October, 2023 and became effective on 26th October, 2023.

(ii) On 4th December, 2023, the Company issued 255,370,728 ordinary shares of HK$0.02 each and 1,482,226,414 bonus convertible notes of HK$0.1 each pursuant to the Bonus Issue, with expenses of HK$2,237,000.

(iii) On 4th December, 2023, aggregate principal amount of HK$300,000,000 of convertible bonds were converted into 225,000,000 new ordinary shares of the Company.

(iv) On 4th December, 2023, the principal amount of HK$12,000,000 of CN 2053 were converted into 120,000,000 new ordinary shares of the Company.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 43 and 44.

33. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

During the year under review, the Group had non-cash termination to right-of-use assets and lease liabilities of HK$0.9 million (2023 - Nil) and HK$0.9 million (2023 - Nil), respectively, in respect of lease arrangements for leased property.

In the prior year, the Group had non-cash modification to right-of-use assets and lease liabilities of HK$1.4 million and HK$1.4 million, respectively.

(b) Changes in liabilities arising from financing activities:

2024

	Interest bearing bank borrowing HK$ million	Lease liabilities HK$ million	Other borrowings HK$ million	Convertible notes HK$ million	Interest payable to a fellow subsidiary HK$ million	Other interest payable HK$ million	Amount due to a related company HK$ million
At 1st January, 2024	12.5	1.1	1,315.2	38.3	9.1	14.8	41.5
Changes from financing cash flows	–	(0.2)	9.8	(2.7)	(42.4)	(24.7)	274.2
Lease termination	–	(0.9)	–	–	–	–	–
Finance costs	–	–	–	3.4	45.2	32.0	–
Exchange realignment	–	–	–	–	–	–	(1.2)
At 31st December, 2024	12.5	–	1,325.0	39.0	11.9	22.1	314.5

2023

	Interest bearing bank borrowing HK$ million	Lease liabilities HK$ million	Other borrowings HK$ million	Convertible bonds/notes HK$ million	Interest payable to a fellow subsidiary HK$ million	Other interest payable HK$ million	Amount due to a related company HK$ million
At 1st January, 2023	12.5	0.2	895.2	287.5	8.1	1.7	–
Changes from financing cash flows	–	(0.5)	420.0	–	(36.7)	(12.5)	41.5
Conversion of convertible bonds/notes	–	–	–	(307.5)	–	–	–
Issue of bonus convertible notes	–	–	–	41.3	–	–	–
Lease modification	–	1.4	–	–	–	–	–
Finance costs	–	–	–	17.0	37.7	25.6	–
At 31st December, 2023	12.5	1.1	1,315.2	38.3	9.1	14.8	41.5

(c) Acquisition of assets

On 9th January,2024, the Group entered into a sale and purchase agreement with an independent third party in relation to the acquisition of the entire equity interest in certain subsidiaries at a consideration of USD890,000, which were settled by the Group's equity investments designated at fair value through other comprehensive income. In the opinion of the Directors, the acquisition was not considered as an acquisition of business under HKFRS 3 (Revised) *Business Combinations* and was accounted for as acquisition of assets and liabilities.

(d) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 HK$ million	2023 HK$ million
Within operating activities	**0.3**	0.4
Within financing activities	**0.2**	0.5
Total	**0.5**	0.9

34. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances set out elsewhere in the notes to the financial statements, the Group had the following material connected and related party transactions during the year:

	Notes	2024 HK$ million	2023 HK$ million
A wholly-owned subsidiary of CCIHL:			
Management fees	(i)	**9.7**	10.0
Subsidiaries of Paliburg Holdings Limited ("PHL"):			
Interest on other borrowings	(ii)	**45.2**	37.7
Interest on convertible bonds	(iii)	**–**	16.7
Interest on convertible notes	(iv)	**3.4**	0.3

Notes:

(i) The management fees included rentals and other overheads allocated from a wholly owned subsidiary of CCIHL either on the basis of specific attribution or by reference to a predetermined ratio assessed by the management of CCIHL, PHL, Regal Hotels International Holdings Limited ("RHIHL") and the Company based on the distribution of job responsibilities and the estimated time spent by the relevant staff in serving each of the four groups.

(ii) The interest expenses were paid to Long Profits Investments Limited in relation to borrowings under the loan facilities granted to the Group as detailed in note 28 to the financial statements.

(iii) The interest expenses were paid to Alpha Advantage Investments Limited in relation to convertible bonds which were fully converted into ordinary shares of the Company in the prior year as detailed in note 29 to the financial statement.

(iv) The interest expenses are payable to the subsidiaries of PHL in relation to convertible notes issued by the Group as detailed in note 29 to the financial statements.

(b) Compensation of key management personnel of the Group:

	2024 HK$ million	2023 HK$ million
Short term employee benefits	**6.3**	6.2
Staff retirement scheme contributions	**0.4**	0.4
Total compensation paid to key management personnel	**6.7**	6.6

Further details of directors' emoluments are included in note 8 to the financial statements.

The related party transaction set out in note 34(a)(i) above also constituted a continuing connected transaction as defined in Chapter 14A of the Listing Rules to the Company, but is exempted from relevant disclosures and other requirements, including, inter alia, independent shareholders' approval in accordance with the Listing Rules ("Relevant Requirements") pursuant to rule 14A.98 of the Listing Rules.

The related party transactions set out in notes 34(a)(ii), (iii) and (iv) above were contemplated under respective relevant transactions (the "Transactions") which constituted connected transactions to the Company subject to the Relevant Requirements. The Relevant Requirements with respect to the Transactions had been complied with.

Relevant disclosures and other requirements, including, inter alia, independent shareholders' approval (where required) in accordance with the Listing Rules with respect to the connected or continuing connected transactions during the prior year set out in note 34(a) had been made or met or otherwise exempted.

35. COMMITMENTS

The Group had the following commitments at the end of the reporting period:

	2024 HK$ million	2023 HK$ million
Contracted, but not provided for:		
Property development projects	**89.2**	165.8

36. PLEDGE OF ASSETS

As at 31st December, 2024, certain of the Group's bank deposits and financial assets at fair value through profit or loss in the total amount of HK$27.2 million (2023 - HK$23.6 million) were pledged to secure general banking facilities granted to the Group.

In addition, the Group's equity interests in the relevant holding companies of the Group's property development projects were pledged to secure certain other borrowings and the related interest payable.

37. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had provided guarantees to banks in connection with mortgage facilities granted to certain purchasers of the Group's properties amounting to approximately RMB161.9 million (HK$171.8 million) (2023 - RMB341.2 million (HK$373.9 million)). The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates and the completion of the proper procedures to register the mortgages under the names of the relevant purchasers, which will generally complete within one to two years after the purchasers take possession of the relevant properties.

No provision has been made in the consolidated financial statements for the guarantees in connection with the mortgage facilities as management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of any default in payments.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2024

Financial assets

	Financial assets at fair value through profit or loss - Mandatorily designated as such HK$ million	Financial assets at fair value through other comprehensive income - Equity investments HK$ million	Financial assets at amortised cost HK$ million	Total HK$ million
Equity investments designated at fair value through other comprehensive income	–	4.8	–	4.8
Trade debtors (note 17)	–	–	0.5	0.5
Other financial assets included in deposits, prepayments and other assets	–	–	135.8	135.8
Loans receivable	–	–	1.6	1.6
Financial assets at fair value through profit or loss	29.6	–	–	29.6
Restricted cash	–	–	38.6	38.6
Pledged bank balances	–	–	1.6	1.6
Cash and bank balances	–	–	12.3	12.3
Total	29.6	4.8	190.4	224.8

Financial liabilities

	Financial liabilities at amortised cost HK$ million
Other financial liabilities included in creditors and accruals	345.3
Amount due to a related company	314.5
Deposits received	32.9
Interest bearing bank borrowings	12.5
Other borrowings (note 28)	1,325.0
Convertible notes	39.0
Total	2,069.2

2023

Financial assets

	Financial assets at fair value through profit or loss - Mandatorily designated as such HK$ million	Financial assets at fair value through other comprehensive income - Equity investments HK$ million	Financial assets at amortised cost HK$ million	Total HK$ million
Equity investments designated at fair value through other comprehensive income	–	14.2	–	14.2
Trade debtors (note 17)	–	–	0.6	0.6
Other financial assets included in deposits, prepayments and other assets	–	–	4.1	4.1
Loans receivable	–	–	1.9	1.9
Financial assets at fair value through profit or loss	129.7	–	–	129.7
Restricted cash	–	–	46.1	46.1
Pledged bank balances	–	–	1.8	1.8
Cash and bank balances	–	–	15.7	15.7
Total	129.7	14.2	70.2	214.1

Financial liabilities

	Financial liabilities at amortised cost HK$ million
Other financial liabilities included in creditors and accruals	500.8
Amount due to a related company	41.5
Deposits received	34.5
Lease liabilities	1.1
Interest bearing bank borrowings	12.5
Other borrowings (note 28)	1,315.2
Convertible notes	38.3
Total	1,943.9

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at the end of the reporting period, the carrying amounts of the Group's financial assets and financial liabilities approximated to their fair values.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. Independent professional valuers are engaged for the valuation as appropriate. The valuation is reviewed and approved by management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial liabilities included in creditors and accruals, amount due to a related company, deposits received and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the financial liabilities included in creditors and accruals, and other borrowings was assessed to be insignificant. The fair value of the liability portion of the convertible notes are estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible note with consideration of the Group's own non-performance risk.

The fair values of listed equity investments are determined based on quoted market prices. The fair value of the unlisted equity investment are determined based on management's estimation on the future returns from the investment.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value as at 31st December, 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$ million	Significant observable inputs (Level 2) HK$ million	Significant unobservable inputs (Level 3) HK$ million	Total HK$ million
Equity investments designated at fair value through other comprehensive income:				
Listed equity investment	4.8	–	–	4.8
Unlisted equity investment	–	–	–	–
Financial assets at fair value through profit or loss:				
Listed equity investments	29.6	–	–	29.6
Total	34.4	–	–	34.4

Assets measured at fair value as at 31st December, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$ million	Significant observable inputs (Level 2) HK$ million	Significant unobservable inputs (Level 3) HK$ million	Total HK$ million
Equity investments designated at fair value through other comprehensive income:				
Listed equity investment	14.2	–	–	14.2
Unlisted equity investment	–	–	–	–
Financial assets at fair value through profit or loss:				
Listed equity investments	129.7	–	–	129.7
Total	143.9	–	–	143.9

The movements in fair value measurements within Level 3 in the prior year are as follows:

	2023 HK$ million
Equity investments designated at fair value through other comprehensive income - unlisted investments	
At 1st January	43.0
Total losses recognised in other comprehensive income	(42.1)
Exchange realignment	(0.9)
At 31st December	–

The Group did not have any financial liabilities measured at fair value as at 31st December, 2024 and 2023.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2023 - Nil).

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest bearing bank and other borrowings, convertible notes and cash and bank balances. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities, such as financial assets at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, restricted cash, deposits received, other financial assets included in deposits, prepayments and other assets, and other financial liabilities included in creditors and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The Directors meet periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group adopts prudent strategies on its risk management. The Directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to interest rate risks relates primarily to the Group's borrowings with floating interest rates. The interest rates and terms of repayment of the Group's interest bearing bank borrowings and other borrowings are disclosed in notes 27 and 28 to the financial statements. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rate. Assuming the amount of interest bearing bank borrowings and other borrowing outstanding at the end of the reporting period was outstanding for the whole year, a 100 basis point increase in interest rates would have increased the Group's loss before tax for the current year by HK$6.7 million (2023 - HK$4.8 million). A 10 basis point decrease in interest rates would have decreased the Group's loss before tax for the current year by HK$0.7 million (2023 - HK$0.5 million). The sensitivity to the interest rates used above is considered reasonable with the other variables held constant.

Foreign currency risk

The Group's operations are mainly in Hong Kong and Mainland China. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in currencies that are not the entities' functional currencies.

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates to reduce the exposure should the need arises.

Credit risk

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31st December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31st December, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$ million	Stage 2 HK$ million	Stage 3 HK$ million	Simplified approach HK$ million	Total HK$ million
Trade debtor# (note 17)	–	–	–	1.0	1.0
Other financial assets included in deposits, prepayments and other assets					
- Normal*	135.8	–	–	–	135.8
Loans receivable					
- Normal*	1.6	–	–	–	1.6
Restricted cash	38.6	–	–	–	38.6
Pledged bank balances	1.6	–	–	–	1.6
Cash and cash equivalents	12.3	–	–	–	12.3
Guarantees given to banks in connection with mortgage facilities provided to certain purchasers of the Group's properties					
- Net yet past due	171.8	–	–	–	171.8
Total	361.7	–	–	1.0	362.7

As at 31st December, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$ million	Stage 2 HK$ million	Stage 3 HK$ million	Simplified approach HK$ million	Total HK$ million
Trade debtor# (note 17)	–	–	–	1.1	1.1
Other financial assets included in deposits, prepayments and other assets					
- Normal*	4.1	–	–	–	4.1
Loans receivable					
- Normal*	1.7	–	–	–	1.7
- Doubtful*	–	0.2	–	–	0.2
Restricted cash	46.1	–	–	–	46.1
Pledged bank balances	1.8	–	–	–	1.8
Cash and cash equivalents	15.7	–	–	–	15.7
Guarantees given to banks in connection with mortgage facilities provided to certain purchasers of the Group's properties					
- Net yet past due	373.9	–	–	–	373.9
Total	443.3	0.2	–	1.1	444.6

For trade debtors to which the Group applies the simplified approach for impairment, information based on the provision matrix in note 17 to the financial statements.

* The credit quality of loans receivable and other financial assets included in deposits, prepayments and other assets is considered to be "normal" when they are not past due or there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of loan facilities from a fellow subsidiary. In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group will raise funds from different sources, including through the financial market or realisation of its assets, if required.

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

	2024			
	Within 1 year or on demand HK$ million	**1 to 5 years HK$ million**	**Over 5 Years HK$ million**	**Total HK$ million**
Other financial liabilities included in creditors and accruals	**288.5**	**22.7**	**–**	**311.2**
Amount due to a related company	**–**	**314.5**	**–**	**314.5**
Interest bearing bank borrowing	**12.6**	**–**	**–**	**12.6**
Other borrowings	**257.2**	**1,291.0**	**–**	**1,548.2**
Deposits received	**32.0**	**0.1**	**0.8**	**32.9**
Convertible notes	**2.7**	**10.9**	**201.6**	**215.2**
Guarantees given to banks in connection with mortgage facilities provided to certain purchasers of the Group's properties	**171.8**	**–**	**–**	**171.8**
Total	**764.8**	**1,639.2**	**202.4**	**2,606.4**

	2023			
	Within 1 year or on demand HK$ million	**1 to 5 years HK$ million**	**Over 5 Years HK$ million**	**Total HK$ million**
Other financial liabilities included in creditors and accruals	454.2	22.7	–	476.9
Amount due to a related company	41.5	–	–	41.5
Lease liabilities	0.5	0.7	–	1.2
Interest bearing bank borrowing	12.6	–	–	12.6
Other borrowings	915.7	533.8	–	1,449.5
Deposits received	34.0	0.2	0.3	34.5
Convertible notes	2.7	10.9	204.3	217.9
Guarantees given to banks in connection with mortgage facilities provided to certain purchasers of the Group's properties	373.9	–	–	373.9
Total	1,835.1	568.3	204.6	2,608.0

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments included in equity investments designated at fair value through other comprehensive income (note 18) and financial assets at fair value through profit or loss (note 22) as at the end of the reporting period.

The following table demonstrates the sensitivity to a 5% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for equity investments designated at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve.

	Carrying amount of equity investments HK$ million	Change in loss before tax HK$ million	Change in equity* HK$ million
2024			
Listed investments:			
– Equity investments designated at fair value through other comprehensive income	**4.8**	**–**	**0.2**
– Financial assets at fair value through profit or loss	**29.6**	**1.5**	**–**

	Carrying amount of equity investments HK$ million	Change in loss before tax HK$ million	Change in equity* HK$ million
2023			
Listed investments:			
– Equity investments designated at fair value through other comprehensive income	14.2	–	0.7
– Financial assets at fair value through profit or loss	129.7	6.5	–

* Excluding accumulated losses.

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. Capital represents equity attributable to equity holders of the parent. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31st December, 2024 and 2023.

The Group monitors capital using a net debt to total assets ratio, which is net debt divided by the total assets. Net debt includes interest bearing bank and other borrowings and convertible notes less cash, bank balances and deposits. The net debt to total assets ratios as at the end of the reporting periods were as follows:

	2024 HK$ million	**2023 HK$ million**
Interest bearing bank and other borrowings and convertible notes	**1,376.5**	1,366.0
Less: Cash, bank balances and deposits	**(52.5)**	(63.6)
Net debt	**1,324.0**	1,302.4
Total assets	**3,303.5**	3,987.6
Net debt to total assets ratio	**40.1%**	32.7%

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2024 HK$ million	2023 HK$ million
NON-CURRENT ASSET		
Interests in subsidiaries	**717.8**	1,236.5
CURRENT ASSET		
Prepayment	**0.2**	0.1
CURRENT LIABILITY		
Accruals	**(1.3)**	(0.8)
NET CURRENT LIABILITIES	**(1.1)**	(0.7)
TOTAL ASSETS LESS CURRENT LIABILITIES	**716.7**	1,235.8
NON-CURRENT LIABILITY		
Convertible notes	**(39.0)**	(38.3)
Net assets	**677.7**	1,197.5
EQUITY		
Issued capital	**29.4**	29.4
Reserves (note)	**648.3**	1,168.1
Total equity	**677.7**	1,197.5

Note:

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

	Share premium account HK$ million	Capital redemption reserve HK$ million	Capital reserve HK$ million	Contributed surplus HK$ million	Equity component of convertible notes HK$ million	Accumulated losses HK$ million	Total HK$ million
At 1st January, 2023	2,325.6	0.2	–	26.8	–	(962.7)	1,389.9
Loss for the year	–	–	–	–	–	(621.0)	(621.0)
Issue of bonus shares	(5.1)	–	–	–	–	–	(5.1)
Share issue expenses	(2.3)	–	–	–	–	–	(2.3)
Issue of bonus convertible notes	(2,318.2)	–	(4,085.0)	–	6,361.9	–	(41.3)
Conversion of convertible bonds	447.0	–	–	–	–	–	447.0
Conversion of convertible notes	185.3	–	330.7	–	(515.1)	–	0.9
At 31st December, 2023 and at 1st January, 2024	632.3	0.2	(3,754.3)	26.8	5,846.8	(1,583.7)	1,168.1
Loss for the year	–	–	–	–	–	(519.8)	(519.8)
	632.3	0.2	(3,754.3)	26.8	5,846.8	(2,103.5)	648.3

The contributed surplus represents reserves arising from the Group's reorganisation in 1991, originally representing the difference between the nominal value of the Company's shares issued under the reorganisation scheme and the then subsidiaries' shares acquired at the date of acquisition, net of subsequent distributions therefor.

Under the Companies Law of the Cayman Islands, the contributed surplus is distributable under certain specific circumstances.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 28th March, 2025.

EY 安永

To the shareholders of Cosmopolitan International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Cosmopolitan International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 38 to 119, which comprise the consolidated statement of financial position as at 31st December, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st 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 Accountant*s (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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Net realisable value of properties under development and properties held for sale	
The Group invested in two property development projects in Chengdu and Tianjin, the People's Republic of China (the "PRC"). As at 31st December, 2024, the carrying amounts of properties under development and properties held for sale were HK$1,207.6 million, HK$1,660.2 million, respectively, and in aggregate representing approximately 87% of the Group's total assets. During the year, impairment loss of HK$114.4 million and HK$145.9 million were recognised in profit or loss against properties under development and properties held for sale, respectively. The determination of net realisable value of properties under development and properties held for sale is significant to our audit due to (i) significance of the amounts as at 31st December, 2024; and (ii) the involvement of inherently subjective estimates, such as estimated selling price and budgeted cost to complete the property development projects and discount rate. Related disclosures are included in notes 2.4, 3 and 20 to the consolidated financial statements.	We discussed the progress of property development projects with management and evaluated the progress by site visit. With the assistance from our internal valuation specialists, we also assessed the assumptions and estimates used such as the estimated selling price, budgeted cost to complete the property development projects and discount rate, taking into consideration the selling price of comparable properties, market conditions and trends, reliability of previous projections and historical evidence supporting underlying assumptions. In addition, we have also assessed the independence, objectivity and competence of the external valuers.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of prepayments relating to a re-forestation project	
As at 31st December, 2024, the Group had incurred costs of HK$144.3 million in relation to a re-forestation project in Urumqi, Xinjiang, the PRC. Under the prevailing relevant policies and regulations, upon the completion (which has to be certified by the relevant government authorities) of re-forestation works in respect of that land, as well as the completion of the land listing and tender procedures in accordance with the relevant rules and regulations, the Group shall be entitled to a monetary compensation with reference to the valuation of the land use right in respect of 30% of the overall project area (the "Land Use Right") for development purposes and to participate in the tender of such land use right (the "Land Use Right Exchange Policy"). Management has identified the delay in the progress of the re-forestation works as an indicator of impairment. An impairment assessment on the prepayments for re-forestation costs was performed by management by evaluating continual fulfillment of the Land Use Right Exchange Policy for the re-forestation project under the prevailing relevant policies and regulations. The impairment assessment is significant to our audit due to significant management judgement involved in the assessment of continual fulfilment of the Land Use Right Exchange Policy which may affect the reward of the Land Use Right and compensation for prepayments. Related disclosures of the prepayments are included in notes 2.4, 3 and 17 to the consolidated financial statements.	We evaluated management's impairment assessment by reviewing correspondence between the Group and the relevant government authorities and obtaining a legal advice from the Group's external legal counsel for fulfilment of the Land Use Right Exchange Policy. We have also assessed the independence, objectivity and competence of the external legal counsel. We also assessed the adequacy of disclosures in connection with the re-forestation project in the consolidated financial statements.

Other information included in the Annual Report

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

In preparing the consolidated financial statements, the directors 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.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism 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.
- 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 consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 the Audit Committee 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were 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.

The engagement partner on the audit resulting in this independent auditor's report is Leung Chi Ying.

Ernst & Young
Certified Public Accountants

27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

28th March, 2025

As at 31st December, 2024

PROPERTIES FOR DEVELOPMENT/OR SALE

	Description	Use	Approx. area	Stage of completion (completion date of development project)	Percentage of interest attributable to the Company
(1)	Regal Cosmopolitan City at south of Xindu Main Road and both sides of Xingle Road, Banqiao Village, Xindu County, Xindu District, Chengdu, Sichuan Province, PRC	Residential/ commercial/ office/ hotel	Site area for the whole development – approx.111,869 sq. m. (1,204,148 sq. ft.) Stages one and two • a 325-room hotel • remaining 1 residential unit, 20 commercial units and 64 car parking spaces (Total gross floor area – approx. 3,565 sq. m. (38,378 sq. ft.)) (Casa Regalia (Phase 1)) Stage three • a six-storey commercial complex with gross floor area of approx. 52,500 sq. m. (565,100 sq. ft.) and remaining office accommodations with gross floor area of approx. 73,800 sq. m. (794,400 sq. ft.) • remaining 3 commercial units and 925 car parking spaces (Total gross floor area – approx. 115 sq. m. (1,234 sq. ft.)) (Casa Regalia (Phase 2))	Stages one and two • Construction works for 9 residential towers having 1,296 residential units completed in 2017 • Completion certificate for the hotel obtained in January 2024 Stage three • The construction works of the commercial and office accommodations in steady progress • Superstructure and fitting-out works for 10 residential towers, car parking spaces and commercial accommodations completed in December 2021	100

As at 31st December, 2024

	Description	Use	Approx. area	Stage of completion (completion date of development project)	Percentage of interest attributable to the Company
(2)	Regal Renaissance at the intersection between Weiguo Road and Xinkai Road, Hedong District, Tianjin, PRC	Commercial/ office/ residential	Site area for the whole development – approx. 31,700 sq. m. (341,000 sq. ft.) • remaining 475 commercial and office units, and 1,097 car parking spaces (Total gross floor area – approx. 66,500 sq. m. (715,800 sq. ft.))	Residential towers, commercial complex and residential car parking spaces completed in 2018 Completion Certificate for two office towers and the four-storey commercial podium obtained in March 2022	100

As at 31st December, 2024

PROPERTIES FOR INVESTMENT

Description	Use	Lease	Percentage of interest attributable to the Company
Certain commercial units of Phases 1 and 2 of Regal Renaissance, Intersection of Xinkai Road and Weiguo Road, Hedong District, Tianjin, PRC	Commercial	Medium term	100

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated as appropriate, is set out below.

RESULTS

	Year ended 31st December, 2024 HK$ million	Year ended 31st December, 2023 HK$ million	Year ended 31st December, 2022 HK$ million	Year ended 31st December, 2021 HK$ million	Year ended 31st December, 2020 HK$ million
CONTINUING OPERATIONS					
Revenue	**368.9**	77.3	1,015.7	1,638.9	69.6
Operating profit/(loss) before depreciation and amortisation	**(285.1)**	(246.6)	203.8	323.9	(7.0)
Depreciation and amortisation	**(0.9)**	(1.3)	(1.4)	(2.2)	(3.2)
Finance costs	**(80.7)**	(80.3)	(56.4)	(54.0)	(104.3)
Profit/(Loss) before tax from continuing operations	**(366.7)**	(328.2)	146.0	267.7	(114.5)
Income tax	**(86.4)**	(44.1)	(142.0)	(234.1)	(9.0)
Profit/(Loss) for the year before allocation between equity holders of the parent and non-controlling interests	**(453.1)**	(372.3)	4.0	33.6	(123.5)
Attributable to:					
Equity holders of the parent	**(453.1)**	(372.3)	4.0	33.6	(123.5)
Non-controlling interests	**–**	–	–	–	–
	(453.1)	(372.3)	4.0	33.6	(123.5)

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	31st December, 2024 HK$ million	31st December, 2023 HK$ million	31st December, 2022 HK$ million	31st December, 2021 HK$ million	31st December, 2020 HK$ million
Property, plant and equipment	**7.5**	8.5	9.5	11.2	11.5
Investment properties	**37.0**	47.9	65.2	98.5	94.5
Right-of-use assets	**–**	1.1	0.2	0.7	1.2
Investment in a joint venture	**2.4**	2.4	2.4	2.4	2.4
Loans receivable	**–**	–	–	1.8	–
Equity investments designated at fair value through other comprehensive income	**4.8**	14.2	85.6	196.6	356.0
Deposits and prepayments	**144.3**	140.4	129.7	133.7	114.3
Goodwill	**–**	–	–	41.6	235.1
Intangible assets	**–**	–	–	–	0.7
Current assets	**3,107.5**	3,773.1	3,707.9	4,358.2	4,953.3
Total assets	**3,303.5**	3,987.6	4,000.5	4,844.7	5,769.0
Current liabilities	**(925.6)**	(2,100.8)	(1,518.6)	(2,289.2)	(3,921.9)
Creditors and accruals	**(25.8)**	(35.3)	(29.8)	(31.2)	(32.8)
Amount due to a related company	**(314.5)**	–	–	–	–
Deposits received	**(0.9)**	(0.6)	(0.9)	(1.6)	(2.7)
Other borrowings	**(1,169.0)**	(468.0)	(513.0)	(357.0)	–
Convertible bonds/notes	**(39.0)**	(38.3)	(287.5)	(270.4)	–
Lease liabilities	**–**	(0.7)	–	(0.2)	(0.7)
Deferred tax liabilities	**(147.6)**	(157.5)	(240.0)	(266.7)	(316.6)
Total liabilities	**(2,622.4)**	(2,801.2)	(2,589.8)	(3,216.3)	(4,274.7)
Non-controlling interests	**–**	–	–	–	–

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