NEW CITY DEVELOPMENT GROUP LIMITED
新城市建設發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0456)

ANNUAL REPORT 2024

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Han Junran *(Chairman)*
Mr. Luo Min

Independent Non-Executive Directors
Mr. Chan Yiu Tung, Anthony
Dr. Ouyang Qingru
Mr. Zhang Jing
Mr. Leung Kwai Wah Alex
Mr. Luo Zhen

COMPANY SECRETARY
Ms. Eva Lee

REGISTERED OFFICE
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1–1205
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Unit D, 17/F, MG Tower
133 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

AUDITORS
McMillan Woods (Hong Kong) CPA Limited
24/F, Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

PRINCIPAL BANKERS
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank
China Citic Bank International Limited

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1–1110
Cayman Islands

SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG
Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
North Point, Hong Kong

AUTHORISED REPRESENTATIVES
Mr. Han Junran
Ms. Eva Lee

Financial Highlights

	2024 HK$'000	2023 HK$'000	Change
Revenue	**98,607**	172,926	-43%
Loss from operations	**(132,771)**	(177,273)	-25%
Loss for the year	**(136,522)**	(141,766)	-4%
Total equity	**273,408**	371,726	-26%
Total assets	**1,609,797**	1,728,153	-7%
Total liabilities	**1,336,389**	1,356,427	-1%
Basic loss per share (HK cents)	**(108.87)**	(138.53)	-21%

Chairman's Statement

BUSINESS AND OPERATION REVIEW

Business Review

The Group recorded a revenue of approximately HK$98,607,000 and recorded a loss after tax of approximately HK$136,522,000 for the year ended 31 December 2024.

Major business arrangements

Continuing connected transactions

On 13 May 2024, new tenancy agreements (the "New Tenancy Agreements") were respectively entered into (i) between New Rank Services Limited (a wholly-owned subsidiary of the Company) as tenant and Winrich Investments Limited as landlord for leasing of the office premises; (ii) between New Rank Services Limited as tenant and Goldrich Investments Limited as landlord for leasing of the office premises and car parking space; and (iii) between New Rank Services Limited as tenant and Jiacheng Jiaxin International Property Management (Hong Kong) Limited as landlord for leasing of the staff quarters and car parking space. The New Tenancy Agreements are for a term of one year commencing from 1 June 2024. All of Winrich Investments Limited, Goldrich Investments Limited and Jiacheng Jiaxin International Property Management (Hong Kong) Limited are companies indirectly wholly-owned by an associate of a connected person of the Company, and therefore the transactions contemplated under the New Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

OUTLOOK AND PROSPECT

The Group's wholly-owned subsidiary, Guangdong Changliu Investment Company Limited ("Changliu"), currently is the Group's main operating unit. Profit generated from the rental and related management service of Changliu slightly increased as compared to last corresponding period. The leasing of Changliu will continue to be one of the Group's main commercial activities. The Group expects that the rental income from Changliu will be maintainable in the coming year.

Since year 2019, the Group has adopted "New Day, New Life, New City" as the theme of its future development as part of the integration of property development and property management with daily needs in living. The Group will continue to identify and create synergy among, its different business operations in Guangzhou, Zhuhai and Luoyang to implement the aforesaid theme.

Supermarket Business, PRC

Looking back to 2024, after the economic recovery of the supermarket business in Mainland China, the Group's supermarket business in Mainland China has been adversely affected due to the adjustment of the macro economic conditions. In order to ensure a stable return rate of the supermarket business in Mainland China, the Group reduced its participation in the future development of the supermarket business in Mainland China to optimize the supermarket business channel in Mainland China.

Chairman's Statement

Investment Properties in Luoyang

With regard to Luoyang Properties, on 5 December 2017, the Group submitted a construction plan to 洛陽市城鄉規劃局 ("洛陽規劃局"). After 洛陽規劃局's review, the Group was instructed to modify certain aspects of the construction plan. On 23 June 2018, the Group has been further instructed by 洛陽新區中央商務區規劃建設辦公室 to submit a revised construction plan to 洛陽市城鄉一體化示範區商務中心區辦公室 for approval and the document was submitted on 17 July 2018. On 13 August 2018, the Group received a notice from 洛陽市城鄉一體化示範區商務中心區辦公室, pursuant to which, the location of Luoyang Properties was minimal adjusted.

On 27 September 2023, 洛陽市自然資源和規劃局 issued an approval document (建設用地許可證) on the revised construction plan submitted by the Group in early period. The Group expected to commence the work within 12 months after the date of the approval documents. In September 2024, taking advantage of the recent adjustment of the municipal leadership team of Luoyang, the team submitted an application to the local government to change the project land use to mixed residential and commercial use.

As of 21 October 2024, the public notice period for the land use change has concluded, and the planning conditions have been confirmed.

On 31 December 2024, the Group continues to actively engage with the relevant government authorities, awaiting the official approval necessary to commence the project. The Group remains committed to maintaining this communication once the official license is granted.

Property Development in Zhuhai, PRC

The development of the Zhuhai Property is part of the Group's commercial property development projects in the Great Bay Area that were scheduled in year 2020. In 2024, taking into account the adjustment of the property market environment in the PRC, the Group is monitoring the pace of development of the property market and will then decide on the next steps and development for that project. The Group holds an optimistic attitude towards the long term real estate market in China, but will also not overlook the market dynamics and will pay attention to the same in making the most favorable commercial decisions for the Company.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the management team and staff for their dedication and contribution to the Group.

Han Junran
Chairman

Management Discussion and Analysis

FINANCIAL REVIEW

Results

For the year under review, the Group reported a turnover which represented the rental income and related management service income and retail and related income of approximately HK$54,587,000 and HK$44,020,000 (2023: HK$56,051,000 and HK$116,875,000). The Group's net loss for the year was approximately HK$136,522,000 (2023: HK$141,766,000). The basic loss per share for the year was approximately 108.87 HK cents (2023: loss per share 138.53 HK cents). Administrative expenses was approximately HK$70,223,000 (2023: HK$83,726,000). Finance costs was approximately HK$13,913,000 (2023: HK$23,512,000).

Liquidity, Financial Resources and Funding Requirements

As at 31 December 2024, the Group's total assets were approximately HK$1,609,797,000 (2023: HK$1,728,153,000) and total liabilities were approximately HK$1,336,389,000 (2023: HK$1,356,427,000). As at 31 December 2024, the cash and bank balances was approximately HK$8,459,000 (2023: HK$9,541,000) and the current ratio (current assets/current liabilities) was 1.33 as at 31 December 2024 (2023: 2.38).

Pledge of Assets

As at 31 December 2024, the Group's investment properties located in Guangzhou were pledged to secure bank borrowings.

Gearing Ratio

The gearing ratio (net debt/capital and net debt) was 78% as at 31 December 2024 (2023: 74%).

Capital Structure

There is no change in the capital structure of the Company.

Exchange Risks

The majority of the Group's operations are located in the PRC and the main operational currencies are Hong Kong Dollars and Renminbi. The Company is paying regular and active attention to Renminbi exchange rate fluctuation and consistently assessing exchange risks.

Management Discussion and Analysis

Dividends

The directors did not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

Employees

As at 31 December 2024, the Group has employed about 46 (2023: 53) employees in Hong Kong and the PRC. The Group adopts a competitive remuneration package for its employees. Remuneration packages are reviewed annually with reference to the then prevailing market employment practices and legislation.

Significant Investments and Material Acquisitions

The Group did not have any significant investments and material acquisitions during the year ended 31 December 2024.

Contingent Liabilities

Details of the contingent liabilities are set out in note 37 to the consolidated financial statements.

Commitments

Details of the commitments are set out in note 40 to the consolidated financial statements.

Corporate Governance Report

CORPORATE GOVERNANCE

The Company has complied with all the code provisions ("Code Provisions") as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Listing Rules of the Stock Exchange, save for the deviations listed below:

The Chairman of the Company is also the chief executive officer of the Company, which deviates from Code Provision A.2.1 which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has engaged Mr. Cheung Ka Lung as the deputy chief executive officer of the Company in April 2024, he is responsible for identifying and evaluating new business opportunities and executing new corporate transactions of the Group. This arrangement also serves to maintain an effective segregation of duties. The Company will review the structure from time to time and will make necessary arrangements to observe the provisions of the Listing Rules whenever necessary.

According to the Articles of Association of the Company, the non-executive directors of the Company are not appointed for specific terms. Thus, they are deviated from Code Provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term, subject to re-election and Code Provision A.4.2 which stipulates that all directors appointed to fill a casual vacancy shall hold office only until the next following general meeting and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, in view of the fact that non-executive directors are subject to retirement by rotation as stipulated in the Company's Articles of Association, the Company considers that there are sufficient measures in place to ensure that the corporate governance of the Company are no less exacting than the Code Provisions. The Company will review its Articles of Association from time to time and will make necessary amendments to ensure observance of the provisions of the Listing Rules whenever necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of the Directors, the Directors have complied with the Model Code throughout the year ended 31 December 2024.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This Annual Report will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.newcitygroup.com.hk). The 2024 Annual Report will be despatched to our Shareholders on or before 30 April 2025 and will be available at the websites of the Stock Exchange and the Company.

Corporate Governance Report

THE BOARD OF DIRECTORS

Composition and role of the Board

The Board is responsible for the overall strategic development and business operation of the Group and also monitors the financial performance and control on business operation. The Board will from time to time review the Company's governance practices and will provide complete and sufficient information to its members so as to ensure effective performance of their responsibilities. Currently, the Board is comprised of two Executive Directors and five Independent Non-Executive Directors, which includes:

Executive Directors	:	Mr. Han Junran *(Chairman)* Mr. Luo Min
Independent Non-Executive Directors	:	Mr. Chan Yiu Tung, Anthony Dr. Ouyang Qingru Mr. Zhang Jing Mr. Leung Kwai Wah Alex Mr. Luo Zhen

Biographical details (including age, gender and length of service) of the Board members are set out on pages 32 to 33 of this annual report.

The Company has complied with Rule 3.10(1) of the Listing Rules to appoint at least three Independent Non-Executive Directors, together with the requirements of Rule 3.10(2) of the Listing Rules stipulating that at least one of the Independent Non-Executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. The Board considers that each Independent Non-Executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules.

The Company has received from each Independent Non-Executive Director an annual confirmation pursuant to Rule 3.13 of the Listing Rules and the Company still considers such Directors to be independent.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's business to the Executive Directors, senior management and certain specific responsibilities to the Board Committees.

Corporate Governance Report

DIRECTORS' TRAINING

According to Code Provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a Director of a listed company.

All Directors have participated in continuous professional development and provided a record of training they received for the financial year ended 31 December 2024 to the Company.

The Company has also continuously updated the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

The individual training record of each Director received for the year ended 31 December 2024 is summarised below:

Names of Directors	Attending or participating in seminars/conferences/ corporate events or visits/ reading relevant to the business/Directors' duties
Executive Directors:	
Mr. Han Junran *(Chairman)*	✔
Mr. Luo Min	✔
Independent Non-Executive Directors:	
Mr. Chan Yiu Tung, Anthony	✔
Dr. Ouyang Qingru	✔
Mr. Zhang Jing	✔
Mr. Leung Kwai Wah Alex	✔
Mr. Luo Zhen	✔

Corporate Governance Report

During the year ended 31 December 2024, two full Board meetings were held by the Company and complied with the Code Provision A.1.1. The 2024 annual general meeting was held by the Company on 5 June 2024. The Company has already established a profound regime to ensure effective communication among the Directors.

The attendance record of each Director at the Board meetings and the 2024 annual general meeting are as follows:

Names of Directors	Attendance/ Number of Board meetings	Attendance of 2024 annual general meeting
Mr. Han Junran	2/2	✔
Mr. Luo Min	2/2	✔
Mr. Chan Yiu Tung, Anthony	2/2	–
Dr. Ouyang Qingru	2/2	–
Mr. Zhang Jing	2/2	–
Mr. Leung Kwai Wah Alex	2/2	✔
Mr. Luo Zhen	2/2	–

Chairman and Chief Executive Officer

According to Code Provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. During the year ended 31 December 2024, the roles of the Chairman and the Chief Executive Officer of the Company are performed by Mr. Han Junran. The Company has engaged Mr. Cheung Ka Lung as the deputy chief executive officer of the Company in April 2024, he is responsible for identifying and evaluating new business opportunities and executing new corporate transactions of the Group. This arrangement also serves to maintain an effective segregation of duties. Besides, the balance of power and authorities is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals with diversity of perspectives in accordance with Code Provision A.3. The Board currently comprises two Executive Directors and five Independent Non-Executive Directors and therefore has a strong independence element in its composition. The Company will review its structure from time to time and make relevant arrangements to observe the provisions of the Listing Rules whenever necessary.

Appointment, re-election and removal of the Directors

The Non-Executive Directors of the Company are not appointed for specific terms, thus deviates from Code Provision A.4.1. According to Article 87(1) of the Articles of Association, since the Chairman of the Board, whilst holding such office, is not subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year, Code Provision A.4.2 is deviated. The Chairman plays an essential role in the growth and development of the Group. At presence, the Chairman's continuing presence in the Board is important to assure sustainable development of the Group. Given the importance of the Chairman's role, the Board considers that the relevant article in the Articles of Association has no material impact on the operation of the Group as a whole. Meanwhile, in view of the fact that Non-Executive Directors are subject to retirement by rotation in accordance with the Articles of Association of the Company, the Company considers that there are sufficient measures in place to ensure that the corporate governance of the Company are no less exacting than the Code Provisions.

Corporate Governance Report

In accordance with Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of the above retiring Directors are set out in Appendix II to the circular.

BOARD COMMITTEES

The Board has established various committees under the Board, namely Audit Committee, Remuneration Committee and Nomination Committee (collectively, "Board Committees"), to oversee different aspects of the Group's affairs and to assist in the execution of the Board's responsibilities.

AUDIT COMMITTEE

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee shall consist members of Non-Executive Directors of the Company. The Audit Committee currently comprises three Independent Non-Executive Directors, namely Mr. Leung Kwai Wah Alex (as Chairman), Mr. Chan Yiu Tung, Anthony and Mr. Zhang Jing. The quorum of meetings of the Audit Committee shall be any two members. The terms of reference of the Audit Committee are currently made available on the websites of the Stock Exchange and the Company.

Terms of reference adopted by the Audit Committee are aligned with the Code Provisions set out in the CG Code.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal of such auditor; reviewing the interim and annual reports and financial statements of the Group; and overseeing the Company's financial reporting system including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and internal control procedures.

The Audit Committee meets the external auditor regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with reporting and accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

During the year ended 31 December 2024, the Audit Committee held two meetings. Each committee meeting has been supplied with the necessary financial information of the Group for members to consider, review and access significant issues arising from the work conducted.

Names of members	Attendance/ Number of meetings
Mr. Leung Kwai Wah Alex *(Chairman)*	2/2
Mr. Chan Yiu Tung, Anthony	2/2
Mr. Zhang Jing	2/2

Corporate Governance Report

During the year under review, the Audit Committee had performed the following work:

- reviewed the annual results for the year ended 31 December 2024 and the interim results for the six months ended 30 June 2024;
- discussed with the management of the Company over the completeness, fairness and adequacy of reporting and accounting standards and policies of the Group in the preparation of the 2024 interim and annual financial statements;
- reviewed and discussed with the external auditor over the financial reporting of the Company;
- recommended to the Board, for the approval by Shareholders, of the re-appointment of the auditor; and
- reviewed the internal control procedures of the Group.

The Board also delegated certain corporate governance functions to the Audit Committee, including the review and monitoring of (a) the Group's policies and practices on corporate governance and make recommendations to the Board; (b) the training and continuous professional development of Directors and senior management; (c) the Group's policies and practices on compliance with legal and regulatory requirements; (d) the code of conduct of the Group applicable to employees and Directors; and (e) the Group's compliance with the Code and disclosure in the Corporate Governance Report.

REMUNERATION COMMITTEE

The Company formulated written terms of reference for the Remuneration Committee in accordance with requirements of the Stock Exchange. The Remuneration Committee shall comprise at least three members with majority of Independent Non-Executive Directors, and an Independent Non-Executive Director should take up the role of Chairman of the Remuneration Committee. The Remuneration Committee currently comprises two Independent Non-Executive Directors, namely, Mr. Chan Yiu Tung, Anthony (as Chairman), and Mr. Leung Kwai Wah Alex and one Executive Director, Mr. Han Junran. The quorum of meetings of Remuneration Committee shall be any two members. The terms of reference of the Remuneration Committee are currently made available on the websites of the Stock Exchange and the Company.

Terms of reference adopted by the Remuneration Committee are aligned with the Code Provisions set out in the CG Code.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing a remuneration policy, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, and to make recommendations to the Board on the remuneration of Independent Non-Executive Directors.

Corporate Governance Report

During the year ended 31 December 2024, the Remuneration Committee held one meeting for reviewing the remuneration package of the Directors of the Company and approving the proposed remuneration of a senior management.

Names of members	Attendance/ Number of meetings
Mr. Chan Yiu Tung, Anthony *(Chairman)*	1/1
Mr. Han Junran	1/1
Mr. Leung Kwai Wah Alex	1/1

The emoluments payable to Directors and senior management will depend on their respective contractual terms under the employment agreements, if any, and are fixed by the Board with reference to the recommendation of the Remuneration Committee of the Company, the performance of the Group and the prevailing market conditions. Details of the remuneration of the Directors and senior management are set out in notes 15 and 16 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee was established on 1 April 2012. Prior to the establishment of the Nomination Committee, its role and functions were performed by the Board. The Chairman from time to time reviewed the composition of the Board with particular regard to the number and the independence of the Independent Non-Executive Directors. The Board also reviewed and determined the suitability and terms for re-appointment of Directors.

The Company formulated written terms of reference for the Nomination Committee in accordance with requirements of the Stock Exchange and amended the same on 23 August 2013. The Nomination Committee shall comprise at least three members with a majority of Independent Non-Executive Directors, and the Chairman of the Board or an Independent Non-Executive Director should take up the role of Chairman of the Nomination Committee. The Nomination Committee currently consists of one Executive Director, Mr. Han Junran (as Chairman), and three Independent Non-Executive Directors, namely, Mr. Leung Kwai Wah Alex, Mr. Chan Yiu Tung, Anthony and Mr. Zhang Jing. The quorum of meetings of the Nomination Committee shall be any two members. The terms of reference of the Nomination Committee are currently made available on the websites of the Stock Exchange and the Company.

The terms of reference adopted by the Nomination Committee are aligned with the Code Provisions set out in the CG Code.

The functions of the Nomination Committee are to review and monitor the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Group's strategy; to identify qualified individuals to become members of the Board; to assess the independence of Independent Non-Executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive based on the nomination policy of the Company.

Corporate Governance Report

The Company adopted a board diversity policy in August 2013 to enhance the quality of its performance in accordance with Code Provision A.5.6. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All board appointments will be based on meritocracy, and candidates will be selected based on a range of diversity perspectives, including gender, age, cultural background and ethnicity, educational background, professional experience, skills, knowledge and length of service.

The Nomination Committee will review the policies from time to time at least once every year to ensure its effectiveness and will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. During the year under review, the Nomination Committee has reviewed the Board's composition (including but not limited to the gender, age, cultural and educational background, professional experience, skills, knowledge and length of services) which has been disclosed on pages 32 to 33 in this annual report and considered the current Board's composition is appropriate.

During the year ended 31 December 2024, the Nomination Committee reviewed the composition of the Board and the retirement and re-election of Directors. The Committee held one meeting during the year and the attendance records of the members at the meeting are set out below:

Names of members	Attendance/ Number of meetings
Mr. Han Junran *(Chairman)*	1/1
Mr. Chan Yiu Tung, Anthony	1/1
Mr. Leung Kwai Wah Alex	1/1
Mr. Zhang Jing	1/1

SECURITIES TRANSACTIONS BY DIRECTOR

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors of the Company. All the members of the Board have confirmed, following the specific enquiry by the Company, that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2024. The Model Code also applies to other specified senior management of the Group.

AUDITORS' REMUNERATION

The statement of the external auditors of the Company on their reporting responsibilities for the Group's consolidated financial statements for the year ended 31 December 2024 is set out in the section headed "Independent Auditors' Report" in this annual report.

Corporate Governance Report

The fees paid/payable to the Company's external auditors, McMillan Woods (Hong Kong) CPA Limited and its affiliates in respect of audit and non-audit services for the year ended 31 December 2024 are as follows:

Nature of services	Amount
	HK$'000
Audit services	880

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements for each financial period which give a true and fair view of the consolidated financial position of the Group and of the consolidated financial performance and consolidated cash flows for that period. In preparing the consolidated financial statements for the year ended 31 December 2024, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis.

The Directors acknowledge their responsibilities to prepare the consolidated financial statements as set out on pages 48 to 125 of this annual report. The statement of the external auditors about their reporting responsibilities on the consolidated financial statements is set out in the paragraph headed "Independent Auditors' Report" on pages 40 to 47 of this annual report.

INTERNAL CONTROL

The Board has overall responsibilities for the establishment and maintenance of an adequate and effective internal control system to safeguard the Group' assets against unauthorised use or disposition, and to protect the interests of Shareholders of the Company.

During the year ended 31 December 2024, the Board conducted an annual review of the effectiveness of the internal control system of the Group covering all material controls, including financial, operational and compliance as well as risk management.

COMPANY SECRETARY

During the year ended 31 December 2024, the Company Secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

COMMUNICATION WITH THE SHAREHOLDERS

The Company has established a Shareholder's Communication Policy to enhance communication between the Company and its Shareholders. Communication is achieved through various means including the convening of general meetings, the dispatch of annual reports, interim reports and circulars. The Chairman of the Board also proposes separate resolution for each substantive issue including re-election of Directors.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to Articles 58 of the Articles of Association, an extraordinary general meeting ("EGM") may be convened by the Board on a written requisition of any one or more Shareholders of the Company holding not less than 10% of the paid up capital of the Company carrying the right of voting at general meeting of the Company. The EGM shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene the EGM, the requisitionist(s) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) of the Company.

Enquiries put to the Board

Shareholders may send written enquiries or requests in respect of their rights to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

Articles of Association

There was no change to the Articles of Association to the Company during the year ended 31 December 2024.

INVESTOR RELATIONS

The Company establishes shareholders communication policy and offers different communication channels with investors to update the latest business development and financial performance including the publication of interim and annual reports, the publishing and posting of notices, announcements and circulars on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www. newcitygroup.com.hk) in a timely manner in order to maintain a high level of transparency, and to ensure there is no selective disclosure of inside information. Such policy will be reviewed on a regular basis at least once every year to ensure its effectiveness.

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

1.1. Background

The Group is committed to ethical corporate citizenship and to promoting sustainability in its business activities. The Group demonstrates these commitments through transparent and responsible management of our environment and social practices.

1.2. Reporting Standards

The ESG Report (the "Report") was prepared in accordance with the ESG Reporting Guide set out in the Appendix C2 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In preparation of the Report, the Group strictly adhered to the principles of Materiality, Quantitative, Balance and Consistency to disclose the ESG-related measures and performances.

The corporate governance of the Group was prepared in accordance with all applicable code provisions set out in the Corporate Governance Code under Appendix C1 of the Listing Rules of the Stock Exchange. Information regarding the Group's corporate governance was set out separately in the "Corporate Governance Report" in this annual report.

1.3. Reporting Scope

The scope of the Report covers the environmental and social performance of the business operations in the Group's head office located in Hong Kong as well as five commercial offices in the People's Republic of China (the "PRC"), including Luoyang, Changyang, Changliu, Changying and Zhuhai Teng Shun, from 1 January 2024 to 31 December 2024 (the "year").

1.4. Opinion and Feedback

The Group values the opinion of stakeholders. If any stakeholder has any feedback or suggestions on the Report, please send them to the Company's email address at info@newcitygroup.com.hk. Your feedback or suggestions would help the Group continuously improve its ESG performance.

2. MANAGEMENT APPROACH TO ESG

The Board takes the overall responsibility for the oversight of the Group's ESG matters, including policies, measures, performance and risks. Through regular board meetings, the Board evaluates and reviews ESG matters as appropriate.

Environmental, Social and Governance Report

3. MATERIALITY ASSESSMENT

3.1. Stakeholder Engagement

The Group understands the importance of developing long-term relationships and constant dialogues with various stakeholders. The management seeks to balance the views and interests of various constituencies through constructive conversation. Key groups of stakeholders are shown below:

Internal Stakeholders	External Stakeholders
– The Board – Management – General staff	– Shareholders/Investors – Customers – Government

Understanding the needs and expectations of stakeholders enables the Group to respond to their concerns and manage potential risks. To solicit their feedback, the Group engages its key stakeholders through a range of channels such as meetings, emails, telephone, interviews, and website.

Highlights of stakeholder engagement are shown below:

Customers	Customer feedback is invaluable as the Group operates in extremely competitive markets. There are a number of channels to solicit customer comments and recommendations through our website and email communications.
Government	Along with different government laws, rules and regulations between Hong Kong and the PRC, the Group makes tremendous effort to ensure that it is complied with the relevant laws and regulations.
Employees	Open communication helps build trust and higher levels of engagement in the workplace. Communication channels, such as notices, emails, team briefings, are available for frontline staff to raise any concerns at work to their direct supervisors and managers. Performance appraisals and annual surveys are also served as platforms for the management to evaluate the performances of frontline staff and voice out their expectations to the Group's future development.

The Group believes that stakeholder engagement is a continuous process and will continue to explore different forms of engagement channels in order to strengthen its interaction with stakeholders to create mutually beneficial relationships.

Environmental, Social and Governance Report

3.2. Material Topics

To ensure the Report address the environmental and social issues that are important to the business operation and its stakeholders, the Group has assessed the ESG aspects set forth in the ESG Reporting Guide. The table underneath shows the material ESG issues for the Group.

ESG Aspects as set forth in ESG Reporting Guide		Material ESG issues for the Group
(A) Environmental	A1 Emissions	Air pollution, emission from company vehicle and electricity
	A2 Use of Resources	Use of energy
	A3 Environment and Natural Resources	No other significant environmental impact
	A4 Climate Change	Climate Change
(B) Social	B1 Employment	Labour practices
	B2 Health and Safety	Workplace health and safety
	B3 Development and Training	Employee development and training
	B4 Labour Standards	Anti-child and forced labour
	B5 Supply Chain Management	Supply chain management
	B6 Product Responsibility	Product responsibility
	B7 Anti-corruption	Anti-corruption, fraud prevention and anti-money laundering
	B8 Community Investment	Community programs, employee volunteering and donation

4. (A) ENVIRONMENTAL

The Group recognises the importance of environmental stewardship and a healthy environment. The Group is dedicated to maintaining its energy consumption and emission at low levels. The management strives to enhance operational efficiency and has actively implemented eco-friendly measures to reduce carbon footprint in our business operations. For instance, board meetings and management meetings have largely moved online. Such changes reduce travel emission following the implementation of carbon reduction measures.

Type of emission sources that the Group involved during the year was mainly electricity. The Group's business did not involve in production-related air, water, and land pollutions which are regulated under national laws and regulations. There was no use of packaging materials involved in the Group's business operation.

Environmental, Social and Governance Report

4.1. A1 Emissions

Air Emission

Key air pollutants were emitted by company vehicles. Petrol and liquefied petroleum gas were the main car fuel used by the Group during the Reporting Period. The Group aims to maintain or reduce its air pollutant emissions in the coming year to levels below those of this year.

The fuel consumption data is set out in the table below:

Fuel consumption	2024	2023	Unit
Petrol	505.0	2,875.0	L
Liquefied Petroleum Gas ("LPG")	602.1	870.0	kg

Indoor air pollution was mainly produced by photocopiers, stale air drawn in from outside through poorly located fresh air inlets and bacteria that entered the office. In order to improve the indoor air quality, the Group has implemented a range of air pollution emission measures as follows:

- Ensure air inlets are away from any source of pollutants and sufficient ventilation systems;
- Clean all air units regularly (e.g. air inlets, air outlets and filters); and
- Perform regular maintenance on carpet and furniture upholstery.

The air emissions data is set out in the table below:

Air emissions	2024	2023	Unit
Nitrogen oxides (NO_x)	6.84	46.44	kg
Sulphur oxides (SO_x)	0.01	0.04	kg
Respirable suspended particulates (RSP)	0.47	2.71	kg

Greenhouse Gases (GHG) Emission

The primary source of GHG emission was Scope 2 energy direct GHG emissions, which was mainly contributed by electricity consumption (Please refer to 4.2 A2 for energy usage data), accounting for 99% of the total GHG emissions. Scope 1 direct GHG emissions and Scope 3 other indirect emissions constituted the rest of the total GHG emissions. The Group aims to reduce its GHG emissions for 15% by year 2030 from the base year of 2022.

Environmental, Social and Governance Report

The GHG emission data is set out in the table below:

GHG emissions	2024	2023	Unit
Scope 1 Direct Emission	3.2	7.6	tonnes of CO_2-e
Scope 2 Indirect Emission	2,394.3	2,332.9	tonnes of CO_2-e
Scope 3 Other Indirect Emission	0.1	0.0	tonnes of CO_2-e
Total GHG emission	2,397.4	2,340.5	tonnes of CO_2-e
GHG intensity	0.04	0.04	tonnes of CO_2-e/m^2

Note: Including head office in Hong Kong and five commercial officers in the PRC. The Group is progressively improving the data management system to enhance the accuracy of the disclosure. Relevant figures are modified due to technical refinement.

Non-hazardous Waste

The Group generated minimal quantities of hazardous waste in its operation. Non-hazardous waste from the Group's operation was mainly office paper and the management of the Group believed that the impact of non-hazardous waste arose from the paper waste was insignificant. The Group aims to reduce its waste production in the coming year. Mindful of its responsibility to manage and reduce the waste, the Group has implemented a set of measures at offices:

General waste in offices	– Adopt e-communication whenever possible – Use recycled paper and double-sided printing – Use E-flyer to allow printing on demand basis

4.2. A2 Use of Resources

Use of Energy

Improving operational energy efficiency is a fundamental strategy to reduce energy consumption and associated GHG emission. The total energy consumption of the year was 3,937,596.9 kWh-e (2023: 3,823,749.0 kWh-e). The Group aims to reduce its energy consumption for 15% by year 2030 from the base year of 2022.

Environmental, Social and Governance Report

The energy consumption data is set out in the table below:

Energy consumption		2024	2023	Unit
Direct energy	Petrol	4,894.1	27,682.7	kWh-e
	LPG	8,242.8	11,910.3	kWh-e
Indirect energy	Electricity	3,924,460.0	3,823,749.0	kWh
Total energy consumption		3,937,596.9	3,863.522.0	kWh
Energy intensity		66.2	64.7	kWh/m^2

Note: Including head office in Hong Kong and five commercial officers in the PRC. The Group is progressively improving the data management system to enhance the accuracy of the disclosure. Relevant figures are modified due to technical refinement.

Water Consumption

There was no water consumption involved in the Group's business operation. The Group mainly withdraws water from municipal supplies and has no issue in sourcing water during the year. Domestic water is consumed for personal hygiene and routine cleaning.

Packaging Materials

The business operations of the Group do not involve packaging materials.

4.3. A3 Impacts on Natural Resources and Management Actions

The Group believes that corporate development should not come at the expense of the environment. Therefore, the Group has adopted environmentally friendly practices in various aspects and company events. In addition to the emissions and resource use disclosed hereinabove, the nature of the Group's operation did not have any significant impact on the environment and natural resources.

There was no non-compliance case noted in relation to environmental laws and regulations for the year.

4.4. A4 Climate Change

The Group understands the potential risks of climate change to its operations. In considering its plans, the Group has adopted policies on climate change and implemented number of mitigation plans and measures, in order to improve energy efficiency and reduce emissions from its managed properties.

Environmental, Social and Governance Report

Physical Risk

The operations of the Group are located in Hong Kong and the PRC. Extreme weather conditions such as typhoons and heavy rains are expected to become more frequent with climate changes. The Group has prepared contingency plans to cope with these threats.

Transition Risk

With regard to the risk of climate transition, it is believed that environmental-related policies and regulations, such as carbon emission requirements, will be tightened in the future. The Group will promote and encourage employees to reduce carbon emissions in their daily business activities, and will also provide relevant information and resources to enhance responsiveness. In addition, the Group will communicate with stakeholders such as employees, suppliers and local communities on the impact of climate change and the Company's climate change strategy to help them enhance their resilience to climate change. The Group will monitor updates on climate change-related regulations as a potential transition to climate risk.

5. (B) SOCIAL

Being a responsible business and employer, the Group is committed to consistently looking for ways to meet the corporate social responsibilities. The Group focuses on its staff, environment and community as well as its business partners.

5.1. B1 Employment and Labour Practices

The Group actively complied with laws and regulations, such as the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China" and the "Regulations on Work-related Injury Insurances". The Group has formulated series of relevant personnel management policies to provide employees with a healthy, positive and motivative working atmosphere, and guides employees to actively integrate personal pursuits into the long-term development of the Group.

A sound employment system is the first step in talent attraction and retention. The Group offers competitive remuneration, promotional opportunity, compensation and benefit packages to attract and retain talents. The Group possesses a Remuneration Committee, which regularly reviews its remuneration policy. The Remuneration Committee ensures packages offered by the Group are appealing to employees and in line with the market trend.

Employees are entitled to discretionary cash bonus and retirement benefit scheme. Additional fringe benefits include office insurance, employee compensation insurance, directors' and officers' liability insurance. Various types of paid leave are also offered on top of statutory requirement including annual leave, sick leave, maternity leave, paternity leave, compensation leave, compassionate leave and wedding leave. Employees working overtime are entitled to overtime allowance and compensation by time off. The Group may also at its sole discretion, to grant share options to employees as a long-term incentive aiming to motivate employees pursuing Group's goal and objectives. Employees including directors can subscribe shares of the Company based on their performance and contribution to the Group.

Total Workforce and Breakdown

The Group had a total number of 46 (2023: 53) employees as of 31 December 2024. The workforce data is set out in the table below:

Workforce Summary

Breakdown	Number of Employees
Total Number of Employees	46
By Gender	
Male	28
Female	18
By Employment Type	
Full-time	43
Part-time	3
Intern	0
By Employment Level	
Senior Management	13
Middle Management	8
General Staff	24
Contact or Short-Term Staff	1
By Age Group	
30 and below	4
31–50	26
51 and above	16
By Geographical Region	
China	35
Hong Kong	11

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Turnover Rate

Breakdown	Number of Employees	Percentage (%)
Total	14	28.3%
By Gender		
Male	10	32.8%
Female	4	21.1%
By Age Group		
30 and below	0	0.0%
31–50	10	34.5%
51 and above	4	23.5%
By Geographical Region		
China	12	31.2%
Hong Kong	2	18.2%

The Group will continue to provide a well-structured and caring environment to its employees to raise their sense of belonging and work efficiency at the Group.

5.2. B2 Employee Health and Safety

The Group strives to promote safety awareness, improves occupational environment and reduces occupational risks. The Group continuously promotes safety awareness among employees and commits to providing a healthy and safety working environment for its employees. The Group has dedicated adequate resources and effort to uphold and improve the Group's safety management measures in order to reduce the risks relating to labour safety, such as: ensuring a healthy and safety workplace and compliance with all relevant workplace health and safety laws, and maintaining various insurance policies for employees' compensation and liability.

During the year, the Group had no non-compliance case regarding violation of relevant laws and regulations on occupational health and safety.

The Group complies with all applicable laws and regulations on occupational health and safety and has not reported any fatalities in relation to its work during the reporting period in the past three years. During the year, one employee of the Group suffered a work-related injury, and the working day lost due to work-related injury during the reporting period was 12. The Company has always prioritized the health and safety of its employees. The employee injury incident that occurred this year has been properly handled. The employee has fully recovered and resumed their duties.

Health and safety	2024		2023		2022	
	Male	Female	Male	Female	Male	Female
Number of work-related fatalities	0	0	0	0	0	0
Lost days due to work injury	12	0	0	0	0	0

5.3. B3 Development and Training

The Group supports employees' personal development through attending external trainings. The information of relevant seminars or training courses are regularly provided to employees via email. Employees can register on a voluntary basis, either in person or through the Company. Special leave would be granted to employees who participated in training during working hours.

Category	Percentage of employees trained	Average training hours
Overall	0.0%	0.0
By Gender		
Male	0.0%	0.0
Female	0.0%	0.0
By Employment level		
Senior Management	0.0%	0.0
Middle Management	0.0%	0.0
General Staff	0.0%	0.0

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5.4. B4 Labour Standards

The Group believes in nurturing and developing top talents regardless of race, gender, age, religious belief, pregnancy, marital status, family status or disability. This measure ensures all employees and job applicants enjoy equal opportunities and fair treatment in respect of recruitment, training and development, job advancement, and compensation and benefits. The employees are not discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, race, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable law. The Group also appreciates the importance of cultural diversity in the development of the Group.

In particular, the Group adopts a Board Diversity function under which the Board composition includes members from with different skills, industry knowledge and experience, education, background and other qualities without discrimination.

During the year, the Group did not identify any non-compliance cases regarding violation of relevant child labour and forced labour laws. No child or forced labour was employed in the Group's operations during the year that was compliance with the Employment Ordinance, Chapter 57 of the Laws of Hong Kong in terms of employment management. If the use of child and forced labour is discovered, the Group will terminate the relevant employment contract immediately and investigate if any other further action is required.

5.5. B5 Supply Chain Management

Due to the Group's business nature, the Group has no major supplier during the Reporting Period. The Group has a policy in place to obtain quotations from more than one supplier for procurement. The selection of suppliers or service providers would base on specifications and standards, product and service quality as well as service support.

The Group has a green procurement policy that makes it mandatory to monitor and assess its suppliers or service providers to identify environmental and social risks in the supply chain. In this way, the Group will exclude all suppliers or service providers that have not been or are not evaluated.

5.6. B6 Product Responsibility

As stated in the Group's Employee Manual, insider information is strictly prohibited to disclose to third party. The Group respects customer privacy and intellectual property rights of any third-party and therefore consumer data and privacy matters relating to services are being highly protected. The Group is committed to comply with the privacy laws and regulations. The Group undertakes to strictly comply with the requirements of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), the Corporate Finance Consultant Code of Conduct and local legislations, to ensure that all data are securely kept in the internal system with access control. During the year, the Group did not identify any non-compliance cases regarding violations of relevant laws and regulations on product responsibility and data privacy.

During the year, the Group has not recalled any products due to safety and health reasons and did not receive any product or service-related complaints.

5.7. B7 Anti-Corruption

The Group is strongly against bribery, extortion, fraud and money laundering. During the year, the management of the Group did not find any case of bribery or fraud. Through the controlled environment developed by all staff, the Group believes that the risk of the occurrence of fraud behavior has been minimised. The Group's whistleblowing policy, which employees may anonymously report any suspected or actual event of bribery and corruption to their supervisor or management of higher level, including to an appropriate Board committee or member, without the threat of dismissal or retaliation. The supervisors, managers and/or Board members who receive the reports shall promptly act to investigate the issue. The Group will continue to monitor the related risks to maximise the values for the shareholders and other related parties.

During the year, the Group did not identify any non-compliance cases with laws and regulations in relation to corruption nor was there any concluded legal case regarding corruption practices brought against it or its employees.

5.8. B8 Community Investment

To maintain a high standard of corporate governance, the Group acknowledges the importance of enhancing its transparency to the community. The community is regularly informed of updated news and directions of the Group through circulars, announcements and annual reports posted on the Company's website. The Group is currently planning its direction on focus area of community engagement and types of resources to be contributed.

Environmental, Social and Governance Report

6. PERFORMANCE CHART

Environmental Performance	Unit	2024	2023
Air emissions			
Nitrogen oxides (NO_x)	kg	6.84	46.44
Sulphur oxides (SO_x)	kg	0.01	0.04
Respirable suspended particulates (RSP)	kg	0.47	2.71
GHG emissions			
Scope 1 Direct Emission	tonnes of CO_2-e	3.2	7.6
Scope 2 Indirect Emission	tonnes of CO_2-e	2,394.3	2,332.9
Scope 3 Other Indirect Emission	tonnes of CO_2-e	0.1	0.0
Total GHG emission	tonnes of CO_2-e	2,397.4	2,340.5
GHG intensity	tonnes of CO_2-e/m^2	0.04	0.04
Energy consumption			
Petrol	kWh-e	4,894.1	27,682.7
LPG	kWh-e	8,242.8	11,910.3
Electricity	kWh	3,924,460.0	3,823,749.0
Total energy consumption	kWh-e	3,937,596.9	3,863.522.0
Energy intensity	kWh-e/m^2	66.2	64.7

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Social Performance		Unit	2024
Workforce			
Total Number of Employees		Number of employees	46
		Turnover percentage (%)	28.3
By Gender	Male	Number of employees	28
		Turnover percentage (%)	32.8
	Female	Number of employees	18
		Turnover percentage (%)	21.1
By Age	30 and below	Number of employees	4
		Turnover percentage (%)	80.0
	31–50	Number of employees	26
		Turnover percentage (%)	26.7
	51 and above	Number of employees	16
		Turnover percentage (%)	23.5
By Region	China	Number of employees	35
		Turnover percentage (%)	31.2
	Hong Kong	Number of employees	11
		Turnover percentage (%)	18.2
Employee health and safety			
Number of days lost due to work-related injuries		Number of days	12
Number of Deaths		Number of people	0
Death rate		%	0

Directors' Profile

EXECUTIVE DIRECTORS

Mr. Han Junran, aged 68, obtained a professional law diploma from China Politics and Laws University in 1988. In 2001, Mr. Han also obtained a master's degree in enterprise management from Capital University of Economics and Business. Mr. Han has worked for Beijing Urban Construction Group Company Limited, the office of The Standing Committee of the National People's Congress of Beijing City and the office of the Beijing Municipal Government since 1983. Mr. Han joined the Group in December 1999 as the Group's general manager. Mr. Han is currently responsible for the Group's overall strategic development and management. Mr. Han was appointed as an Executive Director of the Company in December 1999 and the Chairman of the Company in December 2002.

Mr. Luo Min, aged 58, is an engineer and has extensive experience in property development, investments and management. Mr. Luo was appointed as a Non-Executive Director of the Company in May 2008. On 1 March 2012, Mr. Luo has been redesignated from a Non-Executive Director to an Executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yiu Tung, Anthony, aged 66, graduated from University of Toronto in 1982. Mr. Chan has over 20 years experience in the construction and property investment field and is currently the managing Director of Chan Shum Kee Sam Lee Construction Company Limited. Mr. Chan is currently the member of various organisations including Lions Club of Hong Kong West (President during the years 1996/97 and 2001/02), Hong Kong Registered Contractors Association (President), The Hong Kong Construction Association Ltd (Council Member), H.K. General Building Contractors Association Ltd (President for 2011–2013), Kwong Yuet Tong Hong Kong (Council Member), Association of Hong Kong Nanjing Fellows Ltd (Director), The Chinese General Chamber of Commerce (Shamshuipo) (Council Member), Commercial & Industrial Committee of DAB (Council Member), Guangzhou Overseas Friendship-Liaison Association (Council Member), Yan Oi Tong (Directors for the years 2006 to 2009 and 2011 to 2014), Mr. Chan was appointed as an Independent Non-Executive Director of the Company in August 2002.

Dr. Ouyang Qingru, aged 58, graduated from the Shanghai Second Medical University, is the engineer of the Anesthesiology division of a leading hospital. Working in the Hospital, Dr. Ouyang is familiar with clinical anesthesia and medical equipment application and has immersed experience in the hospital management. Dr. Ouyang was appointed as an Independent Non-Executive Director of the Company in December 2014.

Mr. Leung Kwai Wah Alex, aged 72, is currently a mentor of mentorship program of two universities in Hong Kong. Mr. Leung has 30 years of experiences in banking and financing field. Mr. Leung is a fellow member of Governance Institute of Australia, Hong Kong Institute of Directors, Institute of Chartered Secretaries and Administrators and Hong Kong Securities and Investment Institute. Mr. Leung is also a member of Hong Kong Treasury Markets Association. Mr. Leung graduated from Hong Kong Baptist College with a business administration major in 1979 and obtained a master's degree in business administration from Illinois State University in USA in 1981. Mr. Leung was appointed as an Independent Non-Executive Director of the Company in June 2016. Mr. Leung has been an independent non-executive director of Global New Material International Holdings Limited, a company listed on the Stock Exchange, since December 2020 (stock code: 6616).

Directors' Profile

Mr. Zhang Jing, aged 68, is currently a director of private equity investment of Oriental Patron Financial Group Limited in Hong Kong. Mr. Zhang has over 22 years of experiences in corporate management. Mr. Zhang served as the general manager of China Security Limited (中國中安保有限公司). Prior to this, Mr. Zhang was the deputy general manager of Sichuan Jinguang Group (四川金廣集團). He also served as the director and deputy general manager of collective economic management department of China Yituo Group (中國一拖集團) and the chief financial officer of First Tractor Company Limited. Mr. Zhang obtained a bachelor's degree in industrial accounting from Henan Radio & Television University and a master's degree in management engineering from Jiangsu University. Mr. Zhang was appointed as an Independent Non-Executive Director of the Company in June 2016.

Mr. Luo Zhen, aged 72, graduated from Beijing Foreign Studies University, majoring in English, and then obtained a bachelor's degree in political science from Brigham Young University – Hawaii Campus in the United States and a master's degree in real estate from New York University. Mr. Luo has extensive work experience and knowledge. He served as the general manager of Huarong Group in the United States and the executive vice president of the US-China Association for Promotion of Economy and Trade. Mr. Luo also served as the director of customer development department in the Greater China Region of CBRE, and worked as the general manager of Savills Valuation and Professional Services Limited and the general manager of Savills Real Estate Valuation (Beijing) Company Limited.

SENIOR MANAGEMENT

Mr. Cheung Ka Lung, aged 49, has been appointed as the deputy chief executive officer of the Company since April 2024. Mr. Cheung is primarily responsible for identifying and evaluating new business opportunities and executing new corporate transactions of the Group.

Mr. Cheung graduated with a Bachelor of Business Administration (Finance) from The Hong Kong University of Science and Technology. He is a CFA charterholder. He is also a member of The Hong Kong Society of Financial Analysts and a member of The Hong Kong Institute of Directors.

Mr. Cheung has over 25 years of working experience in the banking and finance industry. He previously worked for a number of investment banks and has extensive experience in handling various corporate transactions such as initial public offerings, mergers and acquisitions, reverse takeovers, restructuring and fund raising. During his career, he also had worked in the field of private equity investment for over 10 years including a senior position in the private equity arm of Ichigo Inc. (formerly known as Asset Managers Co., Ltd.), a company listed on the Tokyo Stock Exchange First Section (stock code: 2337.T) in which he managed a portfolio with assets under management over USD300 million in the Greater China region.

Mr. Cheung was an executive director of Virtual Mind Holding Company Limited (formerly known as CEFC Hong Kong Financial Investment Company Limited) from June 2019 to August 2023, a company whose shares are listed on the Stock Exchange (stock code: 1520).

Report of the Directors

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in property development and investment in the PRC which has not been changed during the year. Details of the principal activities of its principal subsidiaries are set out in note 43 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 and the Group's financial position at that date are set out in the consolidated financial statements on pages 48 to 51.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2024.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 35 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

BUSINESS REVIEW

The Group recorded a turnover of approximately HK$98,607,000 and recorded a loss after tax of approximately HK$136,522,000 for the year. Details of which, are set out in the paragraph headed "Management Discussion and Analysis" on pages 6 to 7.

SHARE CAPITAL

Details of the movement of share capital of the Company are set out in note 34 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution represent the aggregate of special reserve and share premium less accumulated losses. Under the Companies Law of the Cayman Islands, the special reserve and share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of its Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

As at 31 December 2024, the Company's reserves available for distribution (2023: HK$298,770,000) are as follows:

	HK$'000
Share premium account	600,011
Special reserve	306,450
Accumulated losses	(660,476)
	245,985

Report of the Directors

DIRECTORS

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

Executive Directors

Mr. Han Junran *(Chairman)*
Mr. Luo Min

Independent Non-Executive Directors

Mr. Chan Yiu Tung, Anthony
Dr. Ouyang Qingru
Mr. Zhang Jing
Mr. Leung Kwai Wah Alex
Mr. Luo Zhen

In accordance with the Articles of Association, Mr. Luo Min and Dr. Ouyang Qingru shall retire from office. Mr. Luo Min and Dr. Ouyang Qingru being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

The Company has received annual confirmations of independence from each of the Independent Non-Executive Director of the Company and as at the date of this report still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Han Junrun, the Chairman and Executive Director, has entered into a service agreement with the Company commencing 20 December 2023 for a period of three years and continuing thereafter until his Directorship is terminated.

Mr. Luo Min, an Executive Director, has entered into a service agreement with the Company for a period of one year commencing 1 March 2012 and continuing thereafter on a yearly basis until terminated by either party giving to the other not less than six months' notice.

The term of Independent Non-Executive Directors is from the date they were last elected to the date of their retirement by rotation in accordance with the Company's Articles of Association.

Apart from the above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Report of the Directors

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

As at 31 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 of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the Chief Executive of the Company were deemed or taken to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or 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") were as follows:

Long position in the shares and underlying shares of the Company

Name of Director	Capacity/nature of interests	Number of shares and underlying shares held	Approximate %* of shareholding
Han Junran	Interest of controlled corporation	37,733,255[(1)]	32.18
	Beneficial owner	32,521,754	27.73

Note:

(1) Junyi Investments Limited (a company wholly-owned by Mr. Han Junran) held 37,733,255 shares of the Company, representing 32.18% of the issued share capital. For the purposes of the SFO, Mr. Han Junran was deemed to be interested in the 37,733,255 shares of the Company held by Junyi Investments Limited.

* The percentage represents the number of shares of the Company divided by the number of the Company's issued shares as at 31 December 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors or Chief Executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as the related party transactions and connected transactions disclosed in note 38 to the consolidated financial statements, there were no contract of significance to which the Company, its holding companies and any of its subsidiaries, was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 14 June 2002 which will remain in force for a period of 10 years from the date of adoption, The share option scheme expired on 14 June 2012.

There were no share option scheme as at 31 December 2024.

Report of the Directors

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouse or children under the age of 18, had any rights to subscribe for the securities of the Company, or exercised any such rights.

MANAGEMENT CONTRACTS

Save as disclosed above, no contract of significance had been entered into between the Company or any of the subsidiaries and the controlling Shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTEREST IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or Chief Executive of the Company, as at 31 December 2024, other than the interests and short positions of the Directors or Chief Executive of the Company as disclosed above, the following persons had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the shares of the Company

Name	Capacity	Number of shares and underlying shares held	Approximate %* of shareholding
Junyi Investments Limited	Beneficial owner	37,733,255(1)	32.18
Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP)	Person having a security interest	59,794,972(2)	50.99
Zhongtai International Asset Management Limited	Investment manager	59,794,972(2)	50.99

Notes:

(1) Junyi Investments Limited, a company incorporated with limited liability in the British Virgin Islands, is wholly-owned by Mr. Han Junran who is an Executive Director of the Company.

(2) The security interest of the 59,794,972 shares of the Company is held by Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP), an investment fund managed by Zhongtai International Asset Management Limited.

(3) The information disclosed is based on the disclosure of interest notices filed by these substantial shareholders of the Company respectively.

* The percentage represents the number of shares of the Company divided by the number of the Company's issued shares as at 31 December 2024.

Report of the Directors

Save as disclosed above, as at 31 December 2024, there was no other person (other than the Directors or Chief Executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS

Fully exempt Continuing Connected Transactions

For the year ended 31 December 2024, the Group has the following continuing connected transactions which are exempt from the independent Shareholders' approval requirement under Rule 14A.34 of the Listing Rules:

On 13 May 2024, new tenancy agreements (the "New Tenancy Agreements") were respectively entered into (i) between New Rank Services Limited (a wholly-owned subsidiary of the Company) as tenant and Winrich Investments Limited as landlord for leasing of the office premises; (ii) between New Rank Services Limited as tenant and Goldrich Investments Limited as landlord for leasing of the office premises and car parking space; and (iii) between New Rank Services Limited as tenant and Jiacheng Jiaxin International Property Management (Hong Kong) Limited as landlord for leasing of the staff quarters and car parking space. The New Tenancy Agreements are for a term of one year commencing from 1 June 2024. All of Winrich Investments Limited, Goldrich Investments Limited and Jiacheng Jiaxin International Property Management (Hong Kong) Limited are companies indirectly wholly-owned by an associate of a connected person of the Company, and therefore the transactions contemplated under the New Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The aggregate annual caps (the "Aggregate Annual Caps") for the New Tenancy Agreements, the consideration for the Tenancy Agreements on an annual basis falls within the threshold prescribed in Rule 14A.76 of the Listing Rules and that the transactions contemplated under the New Tenancy Agreements are conducted on normal commercial terms or better. The transactions contemplated under the New Tenancy Agreements are therefore fully exempt from the reporting, announcement and independent shareholders' approval requirements and shall be subject to annual review requirements under Chapter 14A of the Listing Rules.

The Independent Non-Executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

1. in the normal and usual course of the Group's business;

2. on normal commercial terms; and

3. have been carried out in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The auditors of the Company have reviewed the above continuing connected transactions and provided a letter to the Company confirming that the above continuing connected transactions:

1. have received the approval of the Board;

2. have been entered into in accordance with the relevant agreements governing the transactions; and

3. have not exceeded the Aggregate Annual Caps.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained during the year the amount of public float as required under the Listing Rules.

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

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

MAJOR SUPPLIERS

There is no property development project during the year and therefore no purchase payment was paid or payable to suppliers by the Group during the year ended 31 December 2024.

MAJOR CUSTOMER

The Group had no major customers during the year under review.

ENVIRONMENTAL PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

Details of which, are set out in the paragraph headed "Management Discussion and Analysis" on pages 6 to 7.

AUDITORS

The consolidated financial statements have been audited by McMillan Woods (Hong Kong) CPA Limited, who retire and being eligible, offer themselves for re-appointment.

On behalf of the Board

Han Junran
Chairman

31 March 2025, Hong Kong

Independent Auditor's Report

McMillanWoods
Professionalism at the forefront

To the shareholders of New City Development Group Limited
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of New City Development Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 48 to 125, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

Independent Auditor's Report

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. The key audit matters we have identified are: 1. Fair value of the investment properties – Guangzhou Properties 1; 2. Impairment assessment of the investment properties – Luoyang Properties; 3. Impairment assessment on prepayments and properties under development of Zhuhai Properties; and 4. Impairment assessment for the deposits and other receivables.

Key Audit Matter	How our audit addressed the key audit matter
Fair value of the investment properties – Guangzhou Properties 1	
Reference is made to notes 4 and 5 to the consolidated financial statements for the disclosures of the related accounting policies, judgements and estimates and note 20(a) to the consolidated financial statements for further information. Included in the carrying amount of the Group's total investment properties of approximately HK$651,809,000 were one of the investment properties located in Guangzhou (the "Guangzhou Properties 1") with an amount of approximately HK$526,995,000, which were stated at fair value as at 31 December 2024. For the purpose of assessing the fair value of the Guangzhou Properties 1, the management determined the fair value of the Guangzhou Properties 1 by income approach based on the Group's rental income and reference to external evidence such as current market rents for similar properties in the same location and condition, and a suitable discount rate in order to calculate the present value. The directors of the Company also engaged an independent professional valuer to assist in assessing the fair value of the Guangzhou Properties 1. Because of the material balance to the Group, we have identified this as a key audit matter.	Our procedures in relation to management's assessment of the fair value of the Guangzhou Properties 1 included: – Assessing the design and implementation of key controls in respect of the valuation of the Guangzhou Properties 1; – Directly communicating with and challenging the independent professional valuer on the methodology and assumptions used in the valuation of the Guangzhou Properties 1 and assessing on their competence, independence and integrity by considering the professional qualifications and market standing as valuer of investment properties; – Engaging a valuation specialist to assist us to review the appropriateness of the valuation approach and methodology, the accuracy of the calculations in the valuation model and the relevancy of market data used in estimated average rental income on a sample basis; – Evaluating the assumptions used in the valuation of the Guangzhou Properties 1 and recalculating the fair value of Guangzhou Properties 1; and – Reviewing the appropriateness of the disclosure in the consolidated financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment of the investment properties – Luoyang Properties	
Reference is made to note 4 to the consolidated financial statements for the disclosures of the related accounting policies, judgements and estimates and note 20(c) to the consolidated financial statements for further information. Included in the carrying amount of the Group's total investment properties of approximately HK$651,809,000, the properties under development in Luoyang (the "Luoyang Properties") with an amount of approximately HK$66,447,000 which were stated at cost less accumulated impairment losses, as at 31 December 2024. For the purpose of assessing the recoverable amount of the Luoyang Properties, the management determined the recoverable amount of the Luoyang Properties by direct comparison method based on market observable transactions of similar properties with adjustments by reference to the location, area, size and usage. The management also engaged an independent professional valuer to assist in assessing the valuation and was of the opinion that the recoverable amount of the Luoyang Properties was higher than its carrying amount as at 31 December 2024. Because of the significant assumptions and judgements involved, we have identified this as a key audit matter.	Our procedures in relation to management's assessment of the recoverable amount of the Luoyang Properties included: – Engaging a valuation specialist to assist us to review the appropriateness of the valuation approach and methodology, the accuracy of the calculations in the valuation model and the relevancy of market data used on a sample basis; – Assessing the assumptions used in the valuation of the Luoyang Properties and recalculating their recoverable amount; – Directly communicating with and challenging the independent professional valuer on the methodology and assumptions used in the valuation of the Luoyang Properties and assessing on their competence, independence and integrity by considering the professional qualifications and market standing as valuer of investment properties; and – Reviewing the appropriateness of the disclosure in the consolidated financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment on prepayments and properties under development of Zhuhai Properties	
Reference is made to notes 4 and 5 to the consolidated financial statements for the disclosures of related accounting policies, judgements and estimates and notes 25 and 27 to the consolidated financial statements for further information. The carrying amounts as at 31 December 2024 were approximately HK$448,483,000 for properties under development and HK$293,611,000 for prepayments. The properties located in Zhuhai (the "Zhuhai Properties") were under development, and prepayments to contractors of the Zhuhai Properties, is identified by the director of the Company as a single cash-generating unit ("CGU") as at 31 December 2024. The Zhuhai Properties reached its near-completion status triggered a shift from individual net realisable value assessments to CGU based impairment testing using by fair value less cost of disposal ("FVLCD"). The management used the gross development value method. This involved significant management judgement, in particular in validating key assumptions of the CGU valuation model, forecasting the future cash flow and in determining appropriate risk-adjusted factor. We identified this as a key audit matter because the total carrying amount represents a significant portion of the Group's assets.	Our procedures in relation to management's assessment of the FVLCD of the Zhuhai properties. – Assessed the external valuer's qualifications, expertise and experiences and considering the external valuer's objectivity and independence; – Engaged a valuation specialist to evaluate the appropriateness of the CGU valuation approach and methodology, the accuracy of the calculations in the valuation model and the basis of assumptions used on a sample basis; – Assessed management's rationale for grouping the property and prepayments into a single CGU, including reviewing contractual terms and project interdependencies; – Directly liaised with the independent valuer to understand adjustments made for market data and project-specific factors and challenged management on the reasonableness of cash flow projections and contractual terms affecting prepayment recoverability; and – Reviewing the appropriateness of the disclosure in the consolidated financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the key audit matter
Impairment assessment for the deposits and other receivables	
Reference is made to notes 4 and 5 to the consolidated financial statements for the disclosures of the related accounting policies, judgements and estimates and note 25 to the consolidated financial statements for further information. The carrying amount of the Group's deposits and other receivables was approximately HK$35,559,000 as at 31 December 2024. The recoverability as well as impairment of deposits and other receivables is estimated by the management through the application of judgement and estimation. The Group's policy for recognition of impairment loss for expected credit losses ("ECL") on deposits and other receivables is based on the credit risk of deposits and other receivables. A considerable amount of judgement is required in assessing the recoverability of these deposits and other receivables. Because of the significant assumptions and judgement involved, we have identified this as a key audit matter.	Our procedures in relation to management's assessment of the recoverability of the deposits and other receivables included: – Obtaining an understanding of how management estimated the recoverability of deposits and other receivables and evaluating the design, implementation and operating effectiveness of key internal controls over credit control; – Assessing whether there is significant increase in credit risks; – Assessing the reasonableness of the Group's ECL models by examining the model input used by management to form such judgements and assessing whether there was an indication of management bias when recognising allowance for deposits and other receivables; – Recalculating the amount of the impairment on deposits and other receivables and assessing the appropriateness and adequacy of the impairment as at 31 December 2024; – Inspecting the settlements after the financial year end relating to the deposits and other receivables as at 31 December 2024; and – Reviewing the appropriateness of the disclosure in the consolidated financial statements.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE 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 HKFRS Accounting Standards 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 Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability 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.

Independent Auditor's Report

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate 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.

Independent Auditor's Report

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

We communicate with the Audit Committee, 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.

McMillan Woods (Hong Kong) CPA Limited
Certified Public Accountants

Yeung Man Sun
Audit Engagement Director
Practising Certificate Number – P07606

24/F., Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

31 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	9	**98,607**	172,926
Cost of goods sold and services provided		**(48,805)**	(93,055)
Gross profit		**49,802**	79,871
Other income	10	**1,880**	14,311
Other gains and losses, net	11	**29,747**	(168,739)
Administrative and other operating expenses		**(70,223)**	(83,726)
Written off of property, plant and equipment		**(38,585)**	–
Impairment loss on intangible assets	21	**(2,217)**	(6,931)
Impairment loss on prepayment		**(15,500)**	–
Impairment loss on property under development		**(54,637)**	–
Impairment losses on deposits and other receivables		**(33,038)**	(12,059)
Loss from operations		**(132,771)**	(177,273)
Finance costs	12	**(13,913)**	(23,512)
Loss before tax		**(146,684)**	(200,785)
Income tax credit	13	**10,162**	59,019
Loss for the year	14	**(136,522)**	(141,766)
Loss for the year attributable to:			
Owners of the Company		**(127,649)**	(125,946)
Non-controlling interests		**(8,873)**	(15,820)
		(136,522)	(141,766)
Loss per share attributable to owners of the Company *(HK cents)*			
Basic and diluted	17	**(108.87)**	(138.53)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Loss for the year	**(136,522)**	(141,766)
Other comprehensive income for the year, net of tax:		
Item that will not be reclassified to profit or loss in subsequent periods:		
Changes in fair value on financial assets at fair value through other comprehensive income	**–**	(18,903)
Items that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	**38,264**	(11,081)
Reclassification of translation reserve upon disposal of subsidiary	**(30)**	–
Total comprehensive income for the year	**(98,288)**	(171,750)
Total comprehensive income for the year attributable to:		
Owners of the Company	**(78,089)**	(158,392)
Non-controlling interests	**(20,199)**	(13,358)
	(98,288)	(171,750)

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	19	**28,707**	79,890
Investment properties	20	**651,809**	661,819
Intangible assets	21	**–**	3,274
Right-of-use assets	22	**–**	13
Investment in an associate	23	**–**	–
Deferred tax assets	33	**43,178**	39,723
		723,694	784,719
Current assets			
Financial assets at fair value through profit or loss ("FVTPL")	24	**61,866**	27,281
Prepayments, deposits and other receivables	25	**367,101**	426,080
Inventories	26	**–**	2,250
Properties under development	27	**448,483**	478,088
Due from related parties	28	**194**	194
Cash and bank balances	29	**8,459**	9,541
		886,103	943,434
Current liabilities			
Accruals and other payables	30	**145,865**	56,840
Deposits received		**15,056**	19,309
Borrowings	31	**420,878**	255,953
Lease liabilities	32	**46**	57
Due to non-controlling shareholders	28	**5,112**	3,086
Due to related parties	28	**59,779**	53,872
Due to a director	28	**20,238**	6,624
		666,974	395,741
Net current assets		**219,129**	547,693
Total assets less current liabilities		**942,823**	1,332,412

Consolidated Statement of Financial Position

At 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Accruals and other payables	30	**264,708**	363,957
Borrowings	31	**253,173**	444,461
Lease liabilities	32	**–**	55
Deferred tax liabilities	33	**151,534**	152,213
		669,415	960,686
Net assets		**273,408**	371,726
Equity			
Equity attributable to owners of the Company			
Share capital	34	**23,449**	23,449
Reserves		**304,492**	382,611
		327,941	406,060
Non-controlling interests		**(54,533)**	(34,334)
Total equity		**273,408**	371,726

Approved and authorised for issue the consolidated financial statements by the Board of Directors of the Company on 31 March 2025 and signed on its behalf by:

Mr. Han Junran
Director

Mr. Luo Min
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company									
	Share capital	**Share premium** *(note 35 (a))*	**Contributed surplus** *(note 35 (b))*	**Fair value reserve** *(note 35 (c))*	**Foreign currency translation reserve** *(note 35 (d))*	**Statutory reserve** *(note 35 (e))*	**Retained profits / (accumulated loss)**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2023	17,309	585,887	4,755	(9,350)	(98,592)	18,604	25,575	544,188	(20,976)	523,212
Total comprehensive income for the year	–	–	–	(18,903)	(13,543)	–	(125,946)	(158,392)	(13,358)	(171,750)
Issuance of new shares *(note 34)*	6,140	14,124	–	–	–	–	–	20,264	–	20,264
Derecognised of financial asset at FVTOCI	–	–	–	28,253	–	–	(28,253)	–	–	–
At 31 December 2023 and 1 January 2024	**23,449**	**600,011**	**4,755**	**–**	**(112,135)**	**18,604**	**(128,624)**	**406,060**	**(34,334)**	**371,726**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**(13,341)**	**–**	**(64,748)**	**(78,089)**	**(20,199)**	**(98,288)**
Release of foreign currency reserve upon disposal of subsidiary	**–**	**–**	**–**	**–**	**(30)**	**–**	**–**	**(30)**	**–**	**(30)**
At 31 December 2024	**23,449**	**600,011**	**4,755**	**–**	**(125,506)**	**18,604**	**(193,372)**	**327,941**	**(54,533)**	**273,408**

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Operating activities			
Loss before tax		**(146,684)**	(200,785)
Adjustments for:			
Finance costs		**13,913**	23,512
Interest income		**(348)**	(4,817)
Dividend income		**–**	(8,661)
Depreciation of property, plant and equipment		**13,562**	12,184
Depreciation of right-of-use assets		**13**	460
Amortisation of intangible assets		**1,057**	1,057
Loss on shares subscription		**–**	2,764
Written off of property, plant and equipment		**38,585**	–
Fair value gain on financial assets at FVTPL		**(34,585)**	(2,376)
Fair value (gain)/loss on investment properties		**(1,206)**	166,751
Impairment losses on deposits and other receivables		**33,038**	12,059
Impairment loss on intangible assets		**2,217**	6,931
Impairment loss on prepayment		**15,500**	–
Impairment loss on property under development		**54,637**	–
Gain on disposal of a subsidiary	*41(c)*	**(1,294)**	–
Operating profit before working capital changes		**(11,595)**	9,079
Decrease in inventories		**2,250**	3,163
Increase in properties under development		**(33,757)**	(15,438)
Decrease in prepayments, deposits and other receivables		**9,634**	19,085
Decrease in amounts due from non-controlling shareholders		**–**	1,484
Increase in accruals and other payables		**78,790**	65,889
(Decrease)/increase in deposits received		**(4,253)**	3,614
Increase/(decrease) in amounts due to non-controlling shareholders		**2,026**	(5)
Increase in amounts due to related parties		**5,907**	16,234
Increase in amount due to a director		**13,614**	7,886
Net cash generated from operating activities		**62,616**	110,991
Cash flow from investing activities			
Purchases of property, plant and equipment		**(3,919)**	(6,001)
Cash outflow from disposal of a subsidiary	*41(c)*	**(297)**	–
Interest received		**348**	4,817
Net cash used in investing activities		**(3,868)**	(1,184)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flow from financing activities			
Principal elements of lease payments		**(58)**	(403)
Repayment of borrowings		**(14,745)**	(62,929)
Interest paid		**(45,490)**	(45,315)
Net cash used in financing activities		**(60,293)**	(108,647)
Net (decrease)/increase in cash and cash equivalents		**(1,545)**	1,160
Effect of foreign exchange rate changes		**463**	(227)
Cash and cash equivalents at beginning of year		**9,541**	8,608
Cash and cash equivalents at end of year		**8,459**	9,541
Analysis of cash and cash equivalents			
Cash and bank balances	29	**8,459**	9,541

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. CORPORATE INFORMATION

New City Development Group Limited (the "Company") was incorporated in the Cayman Islands with limited liabilities on 10 August 1998. The address of its registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1–1205, Cayman Islands. The principal place of business in Hong Kong is located at Flat D, 17/F., MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 24 May 2000.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 43 to the consolidated financial statements.

In the opinion of the directors of the Company, as at 31 December 2024, Junyi Investments Limited, a company incorporated in the British Virgin Islands (the "BVI") is the immediate and ultimate parent of the Company and Mr. Han Junran ("Mr. Han"), a director of the Company, is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards issued by the HKICPA. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards ("HKFRS"); HKFRS Sustainability Disclosure Standards; Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

(a) Application of new and revised HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of liabilities as Current or Non-current
Hong Kong Interpretation 5 ("HK Int 5") (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (Continued)

(b) New and revised HKFRS Accounting Standards in issue but not yet effective

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

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 – Lack of Exchangeability	1 January 2025
HKFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	1 August 2025
HKFRS S2 Climate-related Disclosures	1 August 2025
Amendments to HKFRS 9 and HKFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature – dependent Electricity	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS (Continued)

(b) New and revised HKFRS Accounting Standards in issue but not yet effective (Continued)

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18 will replace HKAS 1 "Presentation of financial statements", introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION

These consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain investment properties and financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Consolidation (Continued)

Intra-group transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non- controlling shareholders and owners of the Company.

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the Company's functional and presentation currency.

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non- monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

– Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Property, plant and equipment

Property, plant and equipment are held for use in production or supply of goods or services, or for administrative purposes.

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold building	Over the term of the lease
Leasehold improvements	Over the term of the lease
Furniture, fixtures and equipment	7–20%
Motor vehicles	20%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Property, plant and equipment (Continued)

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

Rental income from investment properties is accounted for as described in note 4(q).

(f) Leases

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

(i) The Group as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Leases (Continued)

(i) The Group as a lessee (Continued)

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right- of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment properties are carried at fair value in accordance with note 4(e).

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Leases (Continued)

(i) The Group as a lessee (Continued)

The Group presents right-of-use assets that do not meet the definition of investment properties and lease liabilities separately in the consolidated statement of financial position.

(ii) The Group as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

(g) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over their estimated useful lives of 20 years.

Impairment is reviewed annually or when there is any indication that the intangible assets have suffered an impairment loss.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out basis. Cost comprises all costs of purchase and, where applicable, cost of conversion and other costs that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Costs include the acquisition cost of interest in leasehold land, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

On completion, the properties are reclassified to properties held for sale at the then carrying amount.

(j) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

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

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(k) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses ("ECL"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non- recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(l) Other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(n) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(p) Other payables

Other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(q) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sale of retail merchandise is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(r) Employee benefits

(i) Employee leave entitlements

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

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

(s) Borrowing costs

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

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Taxation (Continued)

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

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right- of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(u) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount 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. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

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For the year ended 31 December 2024

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(u) Impairment of non-financial assets (Continued)

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(v) Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(v) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

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

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default,

(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and

(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has an external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(v) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Credit-impaired financial assets

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

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(v) Impairment of financial assets (Continued)

Write-off policy

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

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(w) Provisions and contingent liabilities

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

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

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4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(x) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) 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. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. 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.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Critical judgements in applying accounting policies (Continued)

(b) Deferred tax for investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amount of investment properties measured using the fair value model is recovered entirely through sale is rebutted. As a result, the Group has recognised the deferred taxation on changes in fair value of investment properties on the basis that the Group is subject to enterprise income tax. The carrying amount of deferred taxation on investment properties before net-off of deferred tax assets and liabilities for the same companies at 31 December 2024 was HK$158,537,000 (2023: HK$152,213,000).

(c) Significant increase in credit risk

The provision for ECL on deposits and other receivables are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty

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

(a) Impairment of property, plant and equipment

Property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

The carrying amount of property, plant and equipment as at 31 December 2024 were HK$28,707,000 (2023: HK$79,890,000). No impairment loss was recognised for the year ended 31 December 2024 and 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(b) Fair value of investment properties

The Group appointed an independent professional valuer to assess the fair value of the investment properties. In determining the fair value, the valuer applied valuation methods appropriate to the nature and circumstances of the properties, including the income approach (for income-generating properties) and the direct comparison method (for properties under development or without active income streams). For the income approach, fair value was derived by discounting projected rental income using market-based assumptions, including observable market rents for comparable properties in similar locations and a suitable discount rate reflective of current market conditions. For the direct comparison method, adjustments were made to observable market transactions of similar properties, considering factors such as location, size, usage, and market trends.

The directors exercised their judgement to evaluate the appropriateness of these methods and inputs, ensuring alignment with prevailing market conditions. They also engaged independent professional valuers to validate key assumptions, including rental growth rates, vacancy rates, and discount rates, and to corroborate adjustments applied in the income approach and direct comparison method.

The carrying amount of investment properties as at 31 December 2024 was HK$585,362,000 (2023: HK$594,229,000).

(c) Impairment of deposits and other receivables

The management of the Group estimates the amount of impairment loss for ECL on deposits and other receivables based on the credit risk of deposits and other receivables. The amount of the impairment loss based on ECL model is measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Where the future cash flows are less than expected, or being revised downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2024, the carrying amount of deposits and other receivables is approximately HK$35,559,000 (2023: HK$77,007,000) (net of allowance for doubtful debts of approximately HK$41,830,000 (2023: HK$29,578,000)).

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) Impairment assessment on prepayments and properties under development of Zhuhai properties

The Group identified prepayments to a contractor and properties under development of Zhuhai properties as a single CGU. The recoverable amount is determined based on FVLCD, used the gross development value method, forecasting total revenue from the completed project, deducting all associated development costs, financing expenses and developer profit margins. The Group makes estimates regarding future cash flows, incorporating assumptions such as unit selling price, proposed floor area and plot ratio, which reflect risks specific to the project's completion and market conditions. Estimation uncertainties arise from factors including the recoverability of prepayments linked to a contractor performance, fluctuations in market demand impacting occupancy and construction costs, and regulatory changes. Sensitivity to changes in key assumptions, such as adjustments to unit selling price, location or size, could materially affect the recoverable amount. These uncertainties require significant judgement, and revisions to estimates will impact on the carrying value of the CGU and future profit or loss.

The carrying amounts as at 31 December 2024 were approximately HK$448,483,000 (2023:HK$478,088,000) for properties under development and HK$293,611,000 (2023: HK$315,618,000) for prepayments. This resulting in an impairment loss of HK$70,136,000 allocated pro rata to the properties under development and prepayments. (net of allowance on properties under development and prepayments approximately HK$54,637,000 and HK$15,500,000 respectively) (2023: Nil).

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For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, interest rate risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK$, Renminbi ("RMB") or New Taiwan Dollar ("NT$"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate of RMB and NT$, with all other variables held constant, of the Group's loss before tax.

	Change in exchange rate	**(Increase)/ decrease in loss before tax**
	%	HK$'000
At 31 December 2024		
If the HK$ against RMB	–	–
If the HK$ against RMB	–	–
If the HK$ against NT$	5	3,093
If the HK$ against NT$	(5)	(3,093)
At 31 December 2023		
If the HK$ against RMB	5	3,532
If the HK$ against RMB	(5)	(3,532)
If the HK$ against NT$	5	1,364
If the HK$ against NT$	(5)	(1,364)

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. Mainly through its equity investment listed on The Taiwan Stock Exchange.

The sensitivity analysis below has been determined based on the exposure to price risk at the end of the reporting period.

If equity price had been 10% higher, loss after tax for the year ended 31 December 2024 would decrease by HK$6,187,000 (2023: HK$2,728,000). If equity price had been 10% lower, loss after tax for the year ended 31 December 2024 would increase by HK$6,187,000 (2023: HK$2,728,000).

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents and derivative financial assets is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

For deposits and other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the deposits and other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for the deposits and other receivables at an amount equal to 12-month ECL.

The following table provides information about the Group's exposure to credit risk and ECL for deposits and other receivables:

At 31 December 2024

	Average expected loss rate	**Gross carrying amount HK$'000**	**Loss allowance HK$'000**	**Carrying amount HK$'000**
Deposits and other receivables	**54%**	**77,389**	**(41,830)**	**35,559**

At 31 December 2023

	Average expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000	Carrying amount HK$'000
Deposits and other receivables	28%	106,585	(29,578)	77,007

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance for deposits and other receivables during the year is as follows:

	2024 **HK$'000**	2023 HK$'000
At 1 January	**29,578**	85,400
Impairment losses recognised for the year	**33,038**	12,059
Write-off	**(20,435)**	(66,647)
Exchange realignment	**(351)**	(1,234)
At 31 December	**41,830**	29,578

Amounts due from related parties are closely monitored by the directors. They are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month ECL. The instruments are considered to be low credit risk when they have a low of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

(d) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank borrowings. The bank borrowings bear interests at variable rates that vary with the then prevailing market conditions.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variable held constant, of the Group's loss before tax.

	Change in interest rate	**(Increase)/ decrease in loss before tax** HK$'000
At 31 December 2024		
If the interest rate increases	**1%**	**(6,741)**
If the interest rate decreases	**1%**	**6,741**
At 31 December 2023		
If the interest rate increases	1%	(7,004)
If the interest rate decreases	1%	7,004

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For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk

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

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

The maturity analysis of the Group's financial liabilities based on contractual undiscounted cash flow is as follows:

31 December 2024

	Carrying amount HK$'000	**On demand or less than 1 year HK$'000**	**1 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total undiscounted cash flows HK$'000**
Accruals and other payables	**401,846**	**137,138**	**264,708**	**–**	**401,846**
Borrowings	**674,051**	**449,181**	**213,091**	**108,358**	**770,630**
Lease liabilities	**46**	**54**	**–**	**–**	**54**
Due to non-controlling shareholders	**5,112**	**5,112**	**–**	**–**	**5,112**
Due to related parties	**59,779**	**59,779**	**–**	**–**	**59,779**
Due to a director	**20,238**	**20,238**	**–**	**–**	**20,238**

31 December 2023

	Carrying amount HK$'000	On demand or less than 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000
Accruals and other payables	419,030	55,073	363,957	–	419,030
Borrowings	700,414	406,662	293,867	130,328	830,857
Lease liabilities	112	58	64	–	122
Due to non-controlling shareholders	3,086	3,086	–	–	3,086
Due to related parties	53,872	53,872	–	–	53,872
Due to a director	6,624	6,624	–	–	6,624

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For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(f) Categories of financial instruments at 31 December

	2024 HK$'000	2023 HK$'000
Financial assets:		
Financial assets at FVTPL	**61,866**	27,281
Financial assets at amortised cost	**44,213**	86,742
Financial liabilities:		
Financial liabilities at amortised cost	**1,169,753**	1,184,793

(g) Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. 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 externally imposed capital requirements for the Group that in order to maintain its listing on the Stock Exchange is to have a public float of at least 25% of the shares of the Company throughout the year. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float of at least 25% throughout the years ended 31 December 2024 and 2023.

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For the year ended 31 December 2024

6. FINANCIAL RISK MANAGEMENT (Continued)

(g) Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes accruals and other payables, borrowings, lease liabilities, amounts due to non-controlling shareholders, related parties and a director less cash and bank balances. Capital includes equity attributable to owners of the Company. The gearing ratios as at the end of reporting periods were as follows:

	2024 HK$'000	2023 HK$'000
Accruals and other payables	**410,573**	420,797
Borrowings	**674,051**	700,414
Lease liabilities	**46**	112
Due to non-controlling shareholders	**5,112**	3,086
Due to related parties	**59,779**	53,872
Due to a director	**20,238**	6,624
Less: Cash and bank balances	**(8,459)**	(9,541)
Net debt	**1,161,340**	1,175,364
Total capital:		
Equity attributable to owners of the Company	**327,941**	406,060
Capital and net debt	**1,489,281**	1,581,424
Gearing ratio	**78%**	74%

7. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

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7. FAIR VALUE MEASUREMENT (Continued)

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosures of level in fair value hierarchy at 31 December

	Fair value measurements using			Total
Description	**Level 1**	**Level 2**	**Level 3**	**2024**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Investment properties				
Commercial properties	–	–	**585,362**	**585,362**
Zhuhai properties	–	–	**742,094**	**742,094**
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL:				
Listed equity securities	**61,866**	–	–	**61,866**
Total	**61,866**	–	**1,327,456**	**1,389,322**

	Fair value measurements using			Total
Description	Level 1	Level 2	Level 3	2023
	HK$'000	HK$'000	HK$'000	HK$'000
Investment properties				
Commercial properties	–	–	594,229	594,229
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL:				
Listed equity securities	27,281	–	–	27,281
Total	27,281	–	594,229	621,510

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

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7. FAIR VALUE MEASUREMENT (Continued)

(b) Reconciliation of assets measured at fair value based on level 3

	Investment properties HK$'000	**Zhuhai Properties HK$'000**	**Long term investment HK$'000**	**Total HK$'000**
1 January 2024	**594,229**	**793,706**	**–**	**1,387,935**
Movements during the year	**–**	**27,250**	**–**	**27,250**
Total gains or losses recognised				
in profit or loss	**1,183**	**(70,137)**	**–**	**(68,954)**
Exchange differences	**(10,050)**	**(8,725)**	**–**	**(18,775)**
31 December 2024	**585,362**	**742,094**	**–**	**1,327,456**

	Investment properties HK$'000	Long term investment HK$'000	Total HK$'000
1 January 2023	786,094	18,903	804,997
Total gains or losses recognised			
in profit or loss	(166,751)	–	(166,751)
in other comprehensive income	–	(18,903)	(18,903)
Exchange differences	(25,114)	–	(25,114)
31 December 2023	594,229	–	594,229

The total gains or losses recognised in profit or loss are presented in other gains and losses in the consolidated statement of profit or loss.

The total gains recognised in other comprehensive income are presented in changes in fair value of financial assets at fair value through other comprehensive income in the consolidated statement of profit or loss and other comprehensive income.

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2024 and 2023

The Group's financial controller is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Board for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Board at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

7. FAIR VALUE MEASUREMENT (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 December 2024 (Continued)

The valuation techniques and the key unobservable input to the Level 3 fair value measurements are set out below:

Description	Fair value HK$'000	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	526,995 (2023: 536,061)	Income approach	Estimated average rental income (per square metre and per month) RMB67.00 (2023: RMB66.00)	The higher the rental income, the higher the fair value
			Discount rate at 5.5% (2023: 5.50%)	The higher the discount rate, the lower the fair value
Investment properties	58,367 (2023: 58,168)	Direct comparison	Adjusted market value (RMB7,268–9,500 per square metre) (2023: RMB7,115–9,300 per square metre)	The higher the market unit rate, the higher the fair value
Properties under development and prepayments on Zhuhai ("Zhuhai CGU")	742,094	Market-based approach using gross development value	Taking into account the time, location, and individual factors, such as adjusted unit selling price and size, between the comparables and the property	The higher the gross development value, the higher the fair value.

There were no changes in the valuation techniques used.

8. OPERATING SEGMENT INFORMATION

The Group is engaged in property development and investment in PRC, and operation of lifestyle supermarket retail. Accordingly, there are two reportable segments to be presented for the directors, the chief operating decision maker to allocate resource.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different resource technology and marketing strategies.

The accounting policies of the operating segments are the same as those accounting policies of the Group to the consolidated financial statements. Segment profits or losses do not include unallocated other income, other gains and losses, administrative and other operating expenses, impairment losses on deposits and other receivables, impairment loss on prepayment, impairment loss on property under development, impairment loss on intangible assets and finance costs. Segment assets do not include unallocated property, plant and equipment, intangible assets, right-of-use assets, deferred tax assets, financial assets at FVTPL, prepayments, deposits and other receivables, amounts due from related parties, and cash and bank balances. Segment liabilities do not include unallocated accruals and other payables, lease liabilities, amounts due to non-controlling shareholders, related parties and a director and deferred tax liabilities.

Information about reportable segment revenue, profit or loss, assets and liabilities

	Property development and investment HK$'000	**Operation of lifestyle supermarket retail HK$'000**	**Total HK$'000**
Year ended 31 December 2024			
Revenue from external customers	**54,587**	**44,020**	**98,607**
Segment profit	**38,861**	**10,941**	**49,802**
As at 31 December 2024			
Segment assets	**1,444,790**	**34,771**	**1,479,561**
Segment liabilities	**872,266**	**7,880**	**880,146**

	Property development and investment HK$'000	Operation of lifestyle supermarket retail HK$'000	Total HK$'000
Year ended 31 December 2023			
Revenue from external customers	56,051	116,875	172,926
Segment profit	43,437	36,434	79,871
As at 31 December 2023			
Segment assets	1,136,633	5,524	1,142,157
Segment liabilities	820,836	23,045	843,881

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

8. OPERATING SEGMENT INFORMATION (Continued)

Reconciliations of segment profit or loss

	2024 HK$'000	2023 HK$'000
Profit or loss		
Total profit of reportable segments	**49,802**	79,871
Other income	**1,880**	14,311
Other gains and losses, net	**29,747**	(168,739)
Administrative and other operating expenses	**(70,223)**	(83,726)
Written off of property, plant and equipment	**(38,585)**	–
Impairment losses on deposits and other receivables	**(33,038)**	(12,059)
Impairment loss on prepayment	**(15,500)**	–
Impairment loss on property under development	**(54,637)**	–
Impairment loss on intangible assets	**(2,217)**	(6,931)
Finance costs	**(13,913)**	(23,512)
Consolidated loss before tax	**(146,684)**	(200,785)

Reconciliations of segment assets or liabilities

	2024 HK$'000	2023 HK$'000
Assets		
Total assets of reportable segments	**1,479,561**	1,142,157
Property, plant and equipment	**93**	79,890
Intangible assets	**–**	3,274
Right-of-use assets	**–**	13
Deferred tax assets	**43,178**	39,723
Financial assets at FVTPL	**61,866**	27,281
Prepayments, deposits and other receivables	**16,446**	426,080
Due from related parties	**194**	194
Cash and bank balances	**8,459**	9,541
Consolidated total assets	**1,609,797**	1,728,153
Liabilities		
Total liabilities of reportable segments	**880,146**	843,881
Accruals and other payables	**219,534**	296,639
Lease liabilities	**46**	112
Due to non-controlling shareholders	**5,112**	3,086
Due to related parties	**59,779**	53,872
Due to a director	**20,238**	6,624
Deferred tax liabilities	**151,534**	152,213
Consolidated total liabilities	**1,336,389**	1,356,427

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

8. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

The Group's revenue from external customers were solely derived from the PRC.

Over 90% of the Group's non-current assets (excluding intangible assets, right-of-use assets, investment in an associate and deferred tax assets) are located in the PRC. Accordingly, no further geographical information of non-current assets was disclosed.

Revenue from major customers

There was no revenue from individual customers of the Group contributing over 10% of the Group's revenue during the year ended 31 December 2024 (2023: Nil).

9. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2024	2023
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Products transferred at a point in time:		
Sales from operation of supermarket retail in the PRC	**44,020**	116,875
Service transferred over time:		
Related management service income	**24,812**	24,728
Revenue from other sources:		
Rental income from investment properties	**29,775**	31,323
	98,607	172,926

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For the year ended 31 December 2024

10. OTHER INCOME

	2024	2023
	HK$'000	HK$'000
Dividend income	**–**	8,661
Interest income	**348**	4,817
Other income	**1,532**	833
	1,880	14,311

11. OTHER GAINS AND LOSSES, NET

	2024	2023
	HK$'000	HK$'000
Net foreign exchange loss	**(1,731)**	(1,600)
Fair value gain/(loss) on investment properties	**1,183**	(166,751)
Fair value gain on financial assets at FVTPL	**34,585**	2,376
Fair value loss on shares subscription *(note 34)*	**–**	(2,764)
Gain on disposal of investment in a subsidiary *(note 41c)*	**1,294**	–
Written off on deposit and other receivables	**(5,584)**	–
	29,747	(168,739)

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For the year ended 31 December 2024

12. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on bank borrowings	**45,482**	45,305
Interest on lease liabilities	**8**	10
Total borrowing costs	**45,490**	45,315
Less: amounts capitalised in the cost of qualifying assets	**(31,577)**	(21,803)
	13,913	23,512

The weighted average capitalization rate on funds borrowed generally is at a rate of 6.75% per annum (2023: 6.62%).

13. INCOME TAX CREDIT

Income tax relating to continuing operations has been recognised in profit or loss as following:

	2024 HK$'000	2023 HK$'000
Deferred tax *(note 33)*	**10,162**	59,019

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. No provision for Hong Kong Profits Tax is required since the Group has no assessable profit derived from Hong Kong for the years ended 31 December 2024 and 2023.

PRC Enterprise Income Tax has been provided at a rate of 25% (2023: 25%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

13. INCOME TAX CREDIT (Continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the countries in which the Group and its subsidiaries are domiciled to the tax expense at effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to effective tax rates, is as follows:

	2024 **HK$'000**	2023 HK$'000
Loss before tax	**(146,684)**	(200,785)
Tax at applicable tax rates	**(32,270)**	(45,204)
Tax effect of income that is not taxable	**(266)**	(3,907)
Tax effect of expenses that are not deductible	**16,337**	4,885
Tax effect of temporary differences not recognised	**(291)**	(14,929)
Tax effect of tax losses not recognised	**6,328**	136
Income tax credit	**(10,162)**	(59,019)

14. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging:

	2024 **HK$'000**	2023 HK$'000
Auditor's remuneration		
– Audit services	**880**	880
– Non-audit services	**–**	–
Cost of goods sold and services provided	**48,805**	93,055
Depreciation of property, plant and equipment	**13,562**	12,184
Depreciation of right-of-use assets	**13**	460
Amortisation of intangible assets	**1,057**	1,057
Short-term lease payments	**26,790**	17,332
Staff costs (including directors' remuneration)		
– Salaries, bonuses and allowances	**20,369**	19,878
– Contributions to defined contribution retirement plan	**728**	856
	21,097	20,734

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

15. BENEFITS AND INTERESTS OF DIRECTORS

Directors' and Mr. Han Junran's ("chief executive") remuneration for the year, disclosed pursuant to the Listing Rules, Sections 383(1)(a), (b), (c), (e) 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:

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:

	2024 HK$'000	2023 HK$'000
Fees	**1,200**	1,303
Other emoluments		
salaries, wages and other benefits	**2,340**	2,142
contributions to defined contribution retirement plan	**18**	18
	2,358	2,160
	3,558	3,463

31 December 2024

	Fees HK$'000	**Salaries and allowance contribution HK$'000**	**Pension scheme Total HK$'000**	**Total HK$'000**
Executive directors				
Mr. Han Junran	–	**1,300**	–	**1,300**
Mr. Luo Min	–	**1,040**	**18**	**1,058**
	–	**2,340**	**18**	**2,358**
Independent non-executive directors				
Mr. Chan Yiu Tung, Anthony	**240**	–	–	**240**
Dr. Ouyang Qingru	**240**	–	–	**240**
Mr. Leung Kwai Wah, Alex	**240**	–	–	**240**
Mr. Zhang Jing	**240**	–	–	**240**
Mr. Luo Zhen	**240**	–	–	**240**
	1,200	–	–	**1,200**
	1,200	**2,340**	**18**	**3,558**

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15. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

31 December 2023

	Fees HK$'000	Salaries and allowance contribution HK$'000	Pension scheme Total HK$'000	Total HK$'000
Executive directors				
Mr. Han Junran	–	1,200	–	1,200
Mr. Luo Min	–	942	18	960
	–	2,142	18	2,160
Independent non-executive directors				
Mr. Chan Yiu Tung, Anthony	240	–	–	240
Dr. Ouyang Qingru	240	–	–	240
Mr. Leung Kwai Wah, Alex	240	–	–	240
Mr. Zhang Jing	240	–	–	240
Mr. Wong Pak Wing *(note)*	103	–	–	103
Mr. Luo Zhen	240	–	–	240
	1,303	–	–	1,303
	1,303	2,142	18	3,463

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

During the year, no emoluments have been paid to the directors as an inducement to join or upon joining the Group; or as compensation for loss of office (2023: Nil).

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Note:

Mr. Wong Pak Wing retired as an independent non-executive director on 5 June 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

15. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The number of directors, whose remuneration fell within the following bands, is as follows:

	2024	2023
Nil to HK$1,000,000	5	7
HK$1,000,001 to HK$1,500,000	2	1
	7	8

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

Save for disclosed in note 38 to the consolidated financial statements, no significant transaction, arrangement and contract in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2023: two) directors, details of whose remuneration are set out in note 15 above. Details of the remuneration of the remaining three (2023: three) non-director, highest paid employees for the year are as follows:

	2024 HK$'000	2023 HK$'000
Salaries and allowances	2,179	2,123
Pension scheme contributions	51	37
	2,230	2,160

During the year, no emoluments have been paid to these individuals as an inducement to join or upon joining the Group; or as compensation for loss of office (2023: Nil).

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16. FIVE HIGHEST PAID EMPLOYEES (Continued)

The number of non-directors, highest paid employees, whose remuneration fell within the following bands, is as follows:

	2024	2023
Nil to HK$1,000,000	**3**	3

17. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculation of basic loss per share is based on:

	2024 **HK$'000**	2023 HK$'000
Loss for the year attributable to owners of the Company, used in the basic loss per share calculation	**(127,649)**	(125,946)

	Number of shares	
	2024	2023
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**117,245,044**	90,917,239

No diluted loss per share is presented as there were no potentially dilutive ordinary shares in issue as at 31 December 2024 (2023: Nil).

18. DIVIDENDS

The directors did not recommend any dividend for the year ended 31 December 2024 (2023: Nil).

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For the year ended 31 December 2024

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building HK$'000	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 January 2023	991	65,474	59,331	4,377	130,173
Additions	–	–	5,896	105	6,001
Written off	–	–	–	(63)	(63)
Exchange differences	(33)	(2,144)	(1,968)	(77)	(4,222)
At 31 December 2023 and 1 January 2024	**958**	**63,330**	**63,259**	**4,342**	**131,889**
Additions	**–**	**–**	**3,543**	**376**	**3,919**
Written off	**–**	**–**	**(55,161)**	**(457)**	**(55,618)**
Disposal of a subsidiary	**–**	**–**	**(3,520)**	**(376)**	**(3,896)**
Exchange differences	**(16)**	**(3,024)**	**(5,989)**	**(8)**	**(9,037)**
At 31 December 2024	**942**	**60,306**	**2,132**	**3,877**	**67,257**
Accumulated depreciation					
At 1 January 2023	991	22,451	13,398	3,855	40,695
Charge for the year	–	6,349	5,582	253	12,184
Written off	–	–	–	(63)	(63)
Exchange differences	(33)	(667)	(50)	(67)	(817)
At 31 December 2023 and 1 January 2024	**958**	**28,133**	**18,930**	**3,978**	**51,999**
Charge for the year	**–**	**6,434**	**6,657**	**471**	**13,562**
Written off	**–**	**–**	**(16,576)**	**(457)**	**(17,033)**
Disposal of a subsidiary	**–**	**–**	**(1,075)**	**(338)**	**(1,413)**
Exchange differences	**(16)**	**(2,566)**	**(5,977)**	**(6)**	**(8,565)**
At 31 December 2024	**942**	**32,001**	**1,959**	**3,648**	**38,550**
Carrying amount					
At 31 December 2024	**–**	**28,305**	**173**	**229**	**28,707**
At 31 December 2023	–	35,197	44,329	364	79,890

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20. INVESTMENT PROPERTIES

	Properties at fair value		Properties at cost		Total	
	2024	2023	**2024**	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Completed project						
Investment properties in Guangzhou *(notes (a) and (b))*						
At 1 January	**594,229**	786,094	**–**	–	**594,229**	786,094
Fair value gains/(losses)	**1,183**	(166,751)	**–**	–	**1,183**	(166,751)
Exchange differences	**(10,050)**	(25,114)	**–**	–	**(10,050)**	(25,114)
At 31 December	**585,362**	594,229	**–**	–	**585,362**	594,229
Incomplete project						
Investment properties in Luoyang *(note (c))*						
At 1 January	**–**	–	**67,590**	69,931	**67,590**	69,931
Exchange differences	**–**	–	**(1,143)**	(2,341)	**(1,143)**	(2,341)
At 31 December	**–**	–	**66,447**	67,590	**66,447**	67,590
Total carrying amount at 31 December	**585,362**	594,229	**66,447**	67,590	**651,809**	661,819

Notes:

(a) Investment properties in Guangzhou (the "Guangzhou Properties 1") are situated at Nos. 20–22 Chigang West Road, Haizhu District, Guangzhou City, Guangdong Province, the PRC and are held under medium term leases. The Guangzhou Properties 1 were leased to tenants under operating leases for earning rental income and management service income and were stated at fair value at the end of the reporting period.

The fair value of the Guangzhou Properties 1 has been assessed by Ravia Global Appraisal Advisory Limited ("Ravia Global"), an independent valuer, by using the income approach to be RMB490,000,000 (equivalent to approximately HK$526,995,000) (2023: RMB490,000,000 (equivalent to approximately HK$536,061,000)) as at 31 December 2024.

At 31 December 2024, the Guangzhou Properties 1 with carrying amount of approximately HK$526,995,000 (2023: HK$536,061,000) were pledged to secure bank borrowings, details of which are set out in note 31 to the consolidated financial statements.

(b) Investment properties in Guangzhou (the "Guangzhou Properties 2") are situated at Nos. 186–256 Niuzaichengheng Road, Xintang Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC and are held under medium term leases. The Guangzhou Properties 2 were leased to tenants under operating leases for earning rental income and management service income and were stated at fair value at the end of the reporting period.

The fair value of the Guangzhou Properties 2 has been assessed by Ravia Global, an independent valuer, by using the direct comparison approach to be RMB54,270,000 (equivalent to approximately HK$58,367,000) (2023: RMB53,170,000 (equivalent to approximately HK$58,168,000)) as at 31 December 2024.

At 31 December 2024, the Guangzhou Properties 2 with carrying amount of approximately HK$58,367,000 (2023: HK$58,168,000) were pledged to secure bank borrowings, details of which are set out in note 31 to the consolidated financial statements.

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20. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

(c) On 26 July 2017, the Group replied and explained that the delay of the construction of the Luoyang Properties was due to the changing of land policy by the Luoyang government. The Group expected to commence work at the end of 2017.

On 5 December 2017, the Group submitted a construction plan of the Luoyang Properties to 洛陽規劃局. After reviewed by 洛陽規劃局, the Group was instructed to modify certain aspects of the construction plan. On 23 June 2018, the Group has been further instructed by 洛陽新區中央商務區規劃建設辦公室 to submit a revised construction plan to 洛陽市城鄉一體化示範區商務中心區辦公室 for approval and the document was submitted on 17 July 2018.

On 27 September 2023, 洛陽市自然資源和規劃局 issued an approval document (建設用地許可證) on the revised construction plan submitted by the Group in early period. The Group expected to commence the work within 12 months after the date of the approval documents.

In September 2024, taking advantage of the recent adjustment of the municipal leadership team of Luoyang, the team submitted an application to the local government to change the project land use to mixed residential and commercial use.

As of 21 October 2024, the public notice period for the land use change has concluded, and the planning conditions have been confirmed.

On 31 December 2024, the Group continues to actively engage with the relevant government authorities, awaiting the official approval necessary to commence the project. The Group remains committed to maintaining this communication once the official license is granted.

At 31 December 2024, the Luoyang Properties with carrying amount of approximately HK$66,447,000 (2023: HK$67,590,000) were pledged to secure bank borrowings, details of which are set out in note 31 to the consolidated financial statements.

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20. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

(c) (Continued)

Impairment assessment of the Luoyang Properties

The recoverable amount of the Luoyang Properties has been assessed by Ravia Global, as at 31 December 2024 and 2023. The recoverable amount is assessed based on fair value less costs of disposal by using direct comparison method based on market observable transactions or similar properties with adjustments by reference to the location, area, size and usage under level 3 fair value measurement. The key assumptions are accommodation value and discount of bulk purchasing and location difference of both lands. No impairment in respect of the Luoyang Properties has been provided as the recoverable amount of the Luoyang Properties was higher than its carrying amount as at 31 December 2024 (2023: Nil).

21. INTANGIBLE ASSETS

	Intellectual property rights HK$'000
Cost	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	20,094
Accumulated amortisation and impairment losses	
At 1 January 2023	8,832
Amortisation for the year	1,057
Impairment loss for the year *(note)*	6,931
At 31 December 2023 and 1 January 2024	**16,820**
Amortisation for the year	**1,057**
Impairment loss for the year *(note)*	**2,217**
At 31 December 2024	**20,094**
Carrying amount	
At 31 December 2024	–
At 31 December 2023	3,274

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21. INTANGIBLE ASSETS (Continued)

Note:

Management has decided to write off the carrying amount of the YBJ supermarket's intangible assets. This decision is based on significant structural shifts toward e-commerce and the ongoing impacts of COVID-19, which have rendered the operating rights irrecoverable. The full write-off has been executed to accurately reflect the current status of these intangible assets in the financial statements.

22. RIGHT-OF-USE ASSETS

	2024	2023
	HK$'000	HK$'000
At 1 January	**13**	478
Depreciation	**(13)**	(460)
Exchange differences	**–**	(5)
At 31 December	**–**	13

	2024	2023
	HK$'000	HK$'000
Depreciation	**13**	460
Interest expense on lease liabilities	**8**	10
Expenses relating to short-term lease	**26,790**	17,332

The Group leases various offices for its operations. Lease contracts are entered into for fixed term of 1 to 2 years.

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23. INVESTMENT IN AN ASSOCIATE

	2024	2023
	HK$'000	HK$'000
Unlisted investment:		
Share of net assets	**–**	–

Details of the Group's associate is as follows:

Name	**Place of incorporation**	**Issued and paid up capital**	**Percentage of ownership interest**	**Principal activities**
New City Fortune Medicare Group Limited ("New City Fortune Medicare") *(note)*	Hong Kong	HK$100	34% (2023: 34%)	Investment holding

Note: New City Fortune Medicare was incorporated in Hong Kong on 26 September 2014, with issued share capital of HK$100. The investment cost in an associate has been presented as "–" as a result of rounding as at 31 December 2024 and 2023. Except for the capital commitment as mentioned in note 40 to the consolidated financial statements, the associate did not have any material assets and liabilities as at 31 December 2024 and 2023 and therefore, the Group did not share its net assets during the years ended 31 December 2024 and 2023.

24. FINANCIAL ASSETS AT FVTPL

	2024	2023
	HK$'000	HK$'000
Listed equity investment in Taiwan *(note)*	**61,866**	27,281

Note:

The fair value of the listed equity investment as at 31 December 2024 and 2023 was determined based on the quoted market bid prices (Level 1 fair value measurement) available on The Taiwan Stock Exchange.

The carrying amounts of the Group's financial assets at FVTPL are denominated in NT$.

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For the year ended 31 December 2024

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Prepayments		
– Prepaid for the Luoyang Properties *(note (a))*	**6,773**	6,889
– Prepaid for the Zhuhai Properties *(note (b))*	**309,111**	315,618
– Others	**31,158**	26,566
Less: Impairment loss on prepayment *(note (b))*	**(15,500)**	–
	311,542	349,073
Deposits held by		
– 新澳中世紀國際貿易(北京)有限公司 *(note (c))*	**20,000**	20,000
– Others	**993**	1,072
Other receivables		
– Others *(note (d))*	**56,396**	85,513
Less: Loss allowance for deposits and other receivables *(note 6(c))*	**(41,830)**	(29,578)
	35,559	77,007
	367,101	426,080

Notes:

(a) As at 31 December 2024, an aggregate amount of approximately RMB6,304,000 (equivalent to approximately HK$6,773,000) (2023: RMB6,304,000 (equivalent to approximately HK$6,889,000)) has been prepaid by the Group to the construction of Luoyang Properties.

(b) As at 31 December 2024, an aggregate amount of approximately RMB287,411,000 (equivalent to approximately HK$309,111,000) (2023: RMB289,351,000 (equivalent to approximately HK$315,168,000)) has been prepaid by the Group to the construction of Zhuhai Properties.

Details of impairment assessment of the prepayments and properties under development of Zhuhai properties in note 27.

The net realisable value of the Zhuhai Properties and related prepayments (equivalently to approximately HK$812,231,000) has been assessed by Ravia Global, an independent valuer, by using the gross development value method based on forecasting the total revenue from the completed project, deducting all associated development costs, financing expenses and developer profit margins, while incorporating risk-adjusted discounting to reflect project specific uncertainties.

Based on this valuation, the prepayment was determined to be RMB273,000,000 (equivalent to approximately HK$293,611,000) as at 31 December 2024. An impairment loss of approximately HK$15,500,000 (2023: Nil) was recognized for the prepayment to contractors for the Zhuhai Properties, as the recoverable amount was lower than its carrying amount.

(c) Deposits of HK$20,000,000 has been paid to 新澳中世紀國際貿易(北京)有限公司 as escrow monies for the due diligence exercise on the exploration of project investment opportunity in the near future.

(d) Included in the other receivables, there were:

Approximately HK$20,000,000 has been paid for the project development for the "New Life, New Day, New City" theme concept. The amount would be refundable if the project does not proceed.

Approximately HK$10,000,000 has been paid for the renovation of 暢流 project. The amount would be refundable if the project does not proceed.

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For the year ended 31 December 2024

26. INVENTORIES

	2024 HK$'000	2023 HK$'000
Retail merchandise	–	2,250

As at 31 December 2024 and 2023, all the inventories were stated at cost.

27. PROPERTIES UNDER DEVELOPMENT

	2024 HK$'000	2023 HK$'000
At 1 January	**478,088**	456,399
Additions	**33,757**	37,241
Impairment loss on properties under development	**(54,637)**	–
Exchange differences	**(8,725)**	(15,552)
At 31 December	**448,483**	478,088

Net realisable value of the Zhuhai Properties

Properties under development represented properties in Zhuhai (the "Zhuhai Properties") which construction in progress of a parcel of land which are situated at the south side of Jindao Road, the west side of Hongyang Road, Sanzao, Jinwan District, Zhuhai City, Guangdong Province the PRC. The Zhuhai Properties were acquired through the acquisition of a subsidiary during the year ended 31 December 2019. The Zhuhai Properties comprise a parcel of land held under medium term leases with a site area of 11,956.46 square metres under State-owned Land Use Rights Certificate (國有土地使用證). It comprised the land use right and directly attributable costs. The directors are of the opinion that the construction of the Zhuhai Properties has not yet been completed as at 31 December 2023.

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For the year ended 31 December 2024

27. PROPERTIES UNDER DEVELOPMENT (Continued)

Impairment assessment on prepayments and properties under development of Zhuhai properties

During the year ended 31 December 2024, the carrying amounts of the Group's Zhuhai's properties, comprising properties under development and prepayments to contractors, were subject to impairment testing. This assessment was triggered by the near-completion status of the project, which necessitated a shift from individual NRV assessments to CGU based impairment testing under HKAS 36, given the interdependency of these assets on the project's commercial viability.

The recoverable amount of the Zhuhai CGU was determined based on FVLCD prepared by the management. They used the gross development value method which involved forecasting total revenue from the completed project, deducting all associated development costs, financing expenses and developer profit margins, while applying risk-adjusted discounting to account for project specific uncertainties. Management also engaged an independent professional valuer which required significant judgement in validating the following key assumptions.

Basis for assumptions:

Market data	Adjusted comparable transactions in Zhuhai's commercial property market
Historical information	Precedent occupancy rates and rental yields for similar properties located in the same district
Adjustments factor	Adjusted unit selling price, location, size and nature

Impairment loss recognition

Based on the above assessment, the management of the Group have assessed the recoverable amount of the CGU amounting to approximately RMB690,000,000 (HK$742,094,000) under level 3 fair value measurement used unobservable inputs. The recoverable amount of the CGU was determined to be, resulting in an impairment loss of approximately HK$54,636,000. Details of impairment loss on prepayment to contractors for Zhuhai properties was shown in note 25.

Sensitivity analysis

As part of the impairment assessment for the Zhuhai Properties CGU of the carrying amount: HK$742,094,000 as at 31 December 2024, management performed sensitivity analyses on key assumption used in determining the FVLCD. A 1% increase/decline in unit selling price would increase/reduce FVLCD by HK$7,528,000.

The Zhuhai Properties were pledged to secure bank borrowings, details of which are set out in note 31 to the consolidated financial statements.

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28. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS, RELATED PARTIES AND A DIRECTOR

The amounts due are unsecured, interest-free and repayable/payable on demand.

Amount due from a related company disclosed pursuant to section 383(1)(d) to the Hong Kong Companies Ordinance is as follows:

	Maximum outstanding balance during the year	**2024**	2023
	HK$'000	**HK$'000**	HK$'000
New City (China)	14	**14**	14

Mr. Han, a director and the ultimate controlling party of the Company was also a director of New City (China).

29. CASH AND BANK BALANCES

At the end of reporting period, cash and bank balances of the Group are denominated in the following currencies:

	2024	2023
	HK$'000	HK$'000
HK$	**492**	1,330
USD	**–**	1,650
NT$	**8**	318
RMB	**7,959**	6,243
	8,459	9,541

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

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For the year ended 31 December 2024

30. ACCRUALS AND OTHER PAYABLES

	2024	2023
	HK$'000	HK$'000
Accrued expenses	**13,418**	19,185
Due to a former shareholder of Guangdong Changliu	**4,033**	5,580
Due to non-controlling interest of Zhuhai Teng Shun Industrial Company Limited ("Zhuhai Teng Shun")	**264,708**	268,860
Other payables	**128,414**	127,172
	410,573	420,797
Less: Non-current portion	**(264,708)**	(363,957)
Current portion	**145,865**	56,840

31. BORROWINGS

	Effective interest rates	**Year of maturity**	**2024**	2023
			HK$'000	HK$'000
Secured borrowings:				
Bank loan 1 *(note (a))*	7.784%	2025	**391,947**	402,518
Bank loan 2 *(note (b))*	5.487%	2028	**28,286**	28,772
Bank loan 3 *(note (c))*	6.259%	2034	**253,818**	269,124
			674,051	700,414
Analysed into:				
Repayable:				
– Within one year or on demand			**420,878**	255,953
– In the second to fifth years, inclusive			**123,037**	295,677
– Over five years			**130,136**	148,784
Total			**674,051**	700,414
Less: Non-current portion			**(253,173)**	(444,461)
Current portion			**420,878**	255,953

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

31. BORROWINGS (Continued)

Notes:

(a) On 9 October 2020, Zhuhai Teng Shun entered into a loan agreement with Bank of Guangzhou Co., Ltd. ("GZBANK"), pursuant to which, GZBANK agreed to grant a loan (the "GZBANK Loan") in the amount of RMB98,932,000 (equivalent to HK$117,918,000) and RMB80,000,000 (equivalent to HK$95,352,000) on 12 November 2020 and 8 December 2020 respectively to Zhuhai Teng Shun for a term of 5 years, which is secured by legal charges over the Luoyang Properties, Zhuhai Properties and entire issued share capital of Zhuhai Teng Shun and Luoyang Wan Heng, corporate guarantee provided by Guangdong Changliu, Guangzhou Chang Yang Investment Company Limited (廣州暢揚投資股份有限公司) ("Guangdong Changyang") and non-controlling shareholders, personal guarantee provided by Mr. Han and a legal representative of a subsidiary and a key management personnel of a related company. The GZBANK Loan bears interest rate from 7.0332% to 7.153%, 365% of the benchmark annual lending and deposit rate of the People's Bank of China, which is repayable on a monthly basis. The principal amount of the GZBANK Loan is repayable by instalments starting from 24th month from the first withdrawal date or the 6th month after the project obtains the first time pre- sale certificate, which is earlier, and will mature on 12 November 2025. After the reporting date, the maturity date has been extended to 20 November 2026.

On 20 February 2021, subject to the terms of the above mentioned loan agreement with GZBANK, GZBANK granted a further loan in the amount of RMB80,000,000 (equivalent to HK$97,960,000) to Zhuhai Teng Shun for a term of 49 months. The principal amount of the GZBANK Loan is repayable once on the maturity date and will mature on 20 March 2025. After the reporting date, the maturity date has been extended to 20 November 2026.

On 20 May 2021, subject to the terms of the above mentioned loan agreement with GZBANK, GZBANK granted a further loan in the amount of RMB160,000,000 (equivalent to approximately HK$195,920,000) to Zhuhai Teng Shun for a term of 48 months. The principal amount of the GZBANK Loan is repayable once on the maturity date and will mature on 19 May 2025. After the reporting date, the maturity date has been extended to 20 November 2026.

(b) On 19 June 2021, Guangdong Chang Yang entered into a loan agreement with Guangzhou Rural Commercial Bank ("GZRCBANK"), pursuant to which, GZRCBANK agreed to grant a loan (the "GZRCBANK Loan") in the amount of RMB29,400,000 (equivalent to HK$33,278,000) to Guangdong Changyang for a term of 84 months, which is secured by legal charges over the Guangzhou Properties 2, legal charges over the 100% equity interests in 廣州優暢商業管理有限公司("廣州優暢"), a 80%-owned subsidiary of Guangdong Changyang, and guarantee provided by Guangdong Changliu, 廣州優暢, 廣州市聯瑋物業管理有限公司("廣州聯瑋"), a 80%-owned subsidiary of Guangdong Changyang, and personal guarantee provided by Mr. Han. The interest on the GZRCBANK Loan is calculated at 135 basis points, based on the 5-year loan prime rate of the annual lending and deposit rate of the People's Bank of China, which is repayable on a monthly basis. The principal amount of the GZRCBANK Loan is repayable by 84 instalments starting from 19 June 2021 and will mature on 18 June 2028.

(c) On 21 June 2022, Guangdong Chang Liu entered into a loan agreement with Guangzhou Rural Commercial Bank ("GZRCBANK"), and GZRCBANK agreed to grant a loan (the "GZRCBANK Loan") in the amount of RMB320,000,000 (equivalent to HK$371,680,000) to Guangdong Chang Liu for a period of 12 years. The loan is secured by the property of Guangdong Chang Liu and personally guaranteed by Mr. Han. Interest on the loan is calculated at 155 basis points, based on the 5-year loan prime rate of the last business day prior to the signing of the contract by the last signatory, which is repayable on a quarterly basis. The principal amount of the GZRCBANK Loan is repayable in instalments starting from the first loan received and will mature on 20 June 2034. On 19 March 2025, Guangdong Chang Liu restructured its loan with GZRCBANK, shortening the maturity date to 20 May 2027.

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32. LEASE LIABILITIES

At 31 December 2024 and 2023, the lease liabilities were repayable as follows:

	2024	2023
	HK$'000	HK$'000
Within 1 year	**46**	57
After 1 year but within 2 years	**–**	55
	46	112

All lease liabilities are denominated in the following currencies.

	2024	2023
	HK$'000	HK$'000
RMB	**46**	112

The weighted average incremental borrowing rate applied to lease liabilities is 4.75% (2023: 4.75%).

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33. DEFERRED TAX

The following are the deferred tax liabilities and assets recognised by the Group.

Deferred tax liabilities	**Fair value changes on the investment properties** HK$'000	**Fair value changes on the intangible assets** HK$'000	**Fair value adjustment on initial recognition of long term other payable** HK$'000	**Total** HK$'000
At 1 January 2023	209,350	3,073	5,748	218,171
Credited to profit or loss	(50,198)	(3,073)	(5,748)	(59,019)
Exchange differences	(6,939)	–	–	(6,939)
At 31 December 2023 and 1 January 2024	**152,213**	**–**	**–**	**152,213**
Charged to profit or loss	**296**	**–**	**–**	**296**
Exchange differences	**6,028**	**–**	**–**	**6,028**
Net-off *(note (c))*	**(7,003)**	**–**	**–**	**(7,003)**
At 31 December 2024	**151,534**	**–**	**–**	**151,534**

Deferred tax assets	**Impairment losses on deposits and other receivables** HK$'000	**Tax losses** HK$'000	**Total** HK$'000
At 1 January 2023, 31 December 2023 and 1 January 2024	**–**	**39,723**	**39,723**
Credited to profit or loss	**10,458**	**–**	**10,458**
Net-off *(note (c))*	**(7,003)**	**–**	**(7,003)**
At 31 December 2024	**3,455**	**39,723**	**43,178**

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33. DEFERRED TAX (Continued)

Notes:

(a) At the end of the reporting period the Group has unused tax losses of approximately HK$55,074,000 (2023: HK$29,761,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB49,998,000 (equivalent to HK$54,813,000) (2023: RMB26,692,000 (equivalent to HK$29,201,000)) that will expire in five years from the year they originate. Other tax losses may be carried forward indefinitely.

(b) At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately RMB19,214,000 (equivalent to HK$24,992,000) (2023: RMB54,236,000 (equivalent to HK$59,334,000)). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

(c) This represent the net-off of deferred tax assets and liabilities for the same companies.

34. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$0.20 each		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	**200,000,000**	**40,000**
Issued and fully paid:		
Ordinary shares of HK$0.20 each		
At 1 January 2023	86,543,290	17,309
Issuance of new shares *(note)*	30,701,754	6,140
At 31 December 2023, 1 January 2024 and 31 December 2024	**117,245,044**	**23,449**

Note: Pursuant to the extraordinary general meeting of the Company passed on 3 November 2023, addition 30,701,754 new shares had been issued on the same date with a consideration of HK$0.66 per share (approximately total HK$20,264,000) to be settled the amount due to director approximately amounted to HK$17,500,000. The related loss approximately HK$2,764,000 was recognised in the profit or loss during the year ended 31 December 2023.

Notes to the Consolidated Financial Statements

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35. RESERVES

The amounts of the Group's reserves and the movements therein for the current year are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Nature and purpose of reserves

(a) Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

(b) Contributed surplus

Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to the reorganisation.

(c) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of financial assets at FTVOCI held at the end of the reporting period and is dealt with in accordance with the accounting policy in note 4(k) to the consolidated financial statements.

(d) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c) to the consolidated financial statements.

(e) Statutory reserve

In accordance with the PRC Company Law and the Group's PRC subsidiaries' articles of association, the Group's PRC subsidiaries are required to allocate 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to PRC companies to the statutory reserve until such reserve reaches 50% of the registered capital. The appropriation to the reserve must be made before any distribution of dividends to equity holders. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as paid-in capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the paid-in capital of the Group's subsidiaries.

36. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) 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$'000	2023 HK$'000
Non-current assets		
Investments in subsidiaries	**86,001**	86,001
Current assets		
Financial assets at FVTPL	**61,866**	27,281
Prepayments, deposits and other receivables	**20,095**	20,174
Due from subsidiaries	**215,526**	291,871
Cash and bank balances	**10**	100
	297,497	339,426
Current liabilities		
Accruals and other payables	**12,050**	9,348
Due to subsidiaries	**87,236**	87,236
Due to a director	**14,778**	6,624
	114,064	103,208
Net current assets	**183,433**	236,218
Net assets	**269,434**	322,219
Equity		
Share capital *(note 34)*	**23,449**	23,449
Reserves *(note 36(b))*	**245,985**	298,770
Total equity	**269,434**	322,219

Approved and authorised for issue by the Board of Directors on 31 March 2025.

Mr. Han Junran
Director

Mr. Luo Min
Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

36. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (Continued)

(b) Reserves movement of the Company

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

	Share premium HK$'000	Special reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	585,887	306,450	(535,383)	356,954
Issuance of new shares	14,124	–	–	14,124
Loss and total comprehensive income for the year	–	–	(72,308)	(72,308)
At 31 December 2023 and 1 January 2024	**600,011**	**306,450**	**(607,691)**	**298,770**
Loss and total comprehensive income for the year	**–**	**–**	**(52,785)**	**(52,785)**
At 31 December 2024	**600,011**	**306,450**	**(660,476)**	**245,985**

37. CONTINGENT LIABILITIES

The subsidiaries of the Group, Guangdong Changyang and Guangdong Changliu, were the defendants in two legal actions involved a claim on breach of contract in relation to the acquisition of the entire equity interest for Guangzhou Lianwei Property Limited and Guangzhou Youchang Business Management Limited.

The first case has been made by 廣州市增城區人民法院 (Zengcheng People's Court*) ("Zengcheng Court") that the Group has been adjudicated to pay the plaintiffs approximately RMB57 million (the "Judgment Sum"). The Group has appealed to 廣州市中級人民法院 (Guangzhou Secondary People's Court*) ("Guangzhou Secondary Court"), the court has upheld the decision.

The second case has been made by Zengcheng Court that the Group has been adjudicated to pay the plaintiffs the additional overdue amount of approximately RMB24 million on top of the Judgment Sum.

In respect of the above, for the first case, the Group has applied to the 廣州市高級人民法院 (Guangzhou High People's Court*) ("Guangzhou High Court") for a retrial, and the Guangzhou High Court has accepted the application and granted a stay of execution and held a hearing. As at the date of this announcement, a decision has yet to be made. For the second case, the Group had applied to the Guangzhou Secondary Court, the Guangzhou Secondary Court has accepted the application and granted a stay of execution. A hearing has been held, a decision has yet to be made as of the date of this announcement.

The Group has consulted its PRC legal adviser, and considered that, the Group has good merits in defending the actions.

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38. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	2024 HK$'000	2023 HK$'000
Fees	**180**	1,303
Other emoluments		
Salaries, wages and other benefits	**4,239**	4,224
contributions to defined contribution retirement plan	**30**	32
	4,269	4,256
	4,449	5,559

Further details of directors' and the chief executive's emoluments are set out in notes 15 and 16 to the consolidated financial statements.

39. OPERATING LEASE COMMITMENTS

(a) As lessor

Operating leases relate to investment property owned by the Group with lease terms of 1 to 10 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

Undiscounted minimum lease payments receivable on leases are as follows:

	2024 HK$'000	2023 HK$'000
Within first year	**25,255**	24,927
In the second year	**22,783**	13,327
In the third year	**11,505**	8,573
In the fourth year	**5,960**	7,749
In the fifth year	**5,091**	6,987
After five years	**23,090**	20,329
	93,684	81,892

(b) As lessee

The portfolio of short-term leases for certain of its offices which are regularly entered into by the Group during the years ended 31 December 2024 and 2023. As at 31 December 2024, the outstanding lease commitments are approximately HK$642,000 (2023: HK$378,000).

40. OTHER COMMITMENTS

Capital injection

On 12 July 2014, the Company entered into a letter of intent for co-operation with an independent third party (the "Partner"), pursuant to which, a Hong Kong company, New City Fortune Medicare was incorporated, of which, 34% equity interest in New City Fortune Medicare was held by the Group. New City Fortune Medicare will then set up a wholly-owned subsidiary in Shanghai (the "Shanghai Subsidiary") for the development of medicare business in various cities in the PRC. The registered capital of the Shanghai Subsidiary will be RMB1,000,000 (equivalent to HK$1,076,000 (2023: HK$1,094,000)), which shall be financed by all the shareholders of New City Fortune Medicare in proportion to their respective shareholdings therein. Approving these consolidated financial statements. none of the RMB340,000 (equivalent to HK$373,000 (2023: HK$372,000)), being the contribution by the Group, has been injected by the Company to the Shanghai Subsidiary through New City Fortune Medicare.

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Total cash outflow for lease

Amounts included in the cash flow statements for lease comprise the following:

	2024	2023
	HK$'000	HK$'000
Within operating cash flows	**26,798**	17,342
Within financing cash flows	**66**	413
	26,864	17,755

These amounts related to the following:

	2024	2023
	HK$'000	HK$'000
Lease rental paid	**26,864**	17,755

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41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Reconciliation of liabilities arising from financing activities

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

	Borrowings HK$'000	Promissory notes HK$'000	Lease liabilities HK$'000	Total HK$'000
At 1 January 2023	730,339	5,900	526	736,765
Cash flow	(108,234)	–	(413)	(108,647)
Interest expenses	45,305	–	10	45,315
Non-cash transaction	–	(5,900)	–	(5,900)
Exchange differences	33,004	–	(11)	32,993
At 31 December 2023 and 1 January 2024	**700,414**	**–**	**112**	**700,526**
Cash flow	**(60,227)**	**–**	**(66)**	**(60,293)**
Interest expenses	**45,482**	**–**	**8**	**45,490**
Exchange differences	**(11,618)**	**–**	**(8)**	**(11,626)**
At 31 December 2024	**674,051**	**–**	**46**	**674,097**

41. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Disposal of a subsidiary

During the year ended 31 December 2024, the Group disposed of its entire interest in 廣東暢納投資有限公司 ("Changna"), a wholly-owned subsidiary, on 25 December 2024. Changna was primarily engaged in receiving rental income. The disposal was undertaken as part of the Group's strategy to reduce debt. The disposal was completed for a total consideration of HK$999, resulting in a gain on disposal recognized in the consolidated statement of profit or loss.

The net liabilities of Changna at the date of disposal were as follows:

Description	**Amount (HK$'000)**
Property, plant and equipment	2,483
Prepayments, deposits and other receivables	806
Cash and bank balances	298
Accruals and other payables	(4,852)
Net liabilities disposed of	(1,265)

The following amounts were recognized in connection with the disposal:

Description	**Amount (HK$'000)**
Consideration satisfied by sales proceeds	1
Net liabilities disposed of	(1,265)
Release of foreign currency translation reserve	(30)
Gain on disposal of a subsidiary	(1,294)
Net outflows of cash and cash equivalents included in cash flows from investing activities	(297)

(d) Major non-cash transaction

(i) During the year ended 31 December 2023, the Company entered into a share subscription agreement with Mr. Han Juran, the controlling shareholder of the Company with a total consideration of HK$17,500,000. The amount was settled by the balance of amount due to a director.

(ii) During the year ended 31 December 2023, the Group terminated the investment agreement signed with the Investee in the early period as the management of the Group took into consideration the current market situation in China. The related investment was classified as the financial assets at fair value through other comprehensive income on the initial recognition and measured at fair value in subsequent periods. The final dividend receivable amounted to HK$8,661,000 was released from the Group.

On 31 May 2023, the Group, Investee and the promissory notes holder entered into three parties agreement to use partial of the dividend receivable HK$5,900,000 to settle the promissory notes payable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

42. EVENT AFTER THE REPORTING PERIOD

(a) On 17 January 2025, subsequent to the reporting period, the Company entered into a subscription agreement with an independent third party to issue 21,000,000 new shares at HK0.325 per share, raising approximately HK$6,825,000 in gross proceeds. The net proceeds of approximately HK$6,625,000 are intended for general working capital purposes. The subscription was conditional upon the approval for listing and permission to deal in the subscription shares by the Listing Committee of the Stock Exchange. The condition was fulfilled, and the transaction was completed on 7 February 2025.

(b) On 24 May 2024, the Company, as purchaser, entered into a sale and purchase agreement that was supplemented and amended by a supplemental agreement dated 27 May 2024 (collectively, the "SPA") with 惠州市金沙商貿有限公司 ("the Vendor") (for identification purposes only, Hui Zhou Jinsha Trading Company Limited), a domestic company established under the laws of the PRC as the Vendor. Pursuant to the SPA, the Company agreed to purchase and the Vendor agreed to sell a total of 70 concrete mixing transport trucks (the "Trucks") for a total consideration of RMB12,012,000 (equivalent to HK$13,056,000), which shall be satisfied by the issue and allotment of 17,000,000 new shares of the Company (the "Consideration Shares") at an issue price of HK$0.768 per Consideration Share upon completion (the "Completion") of the transactions contemplated under the SPA.

As the Company continues its property development business in Mainland China, it intends to diversify into the provision of logistics and transportation services for concrete, serving various property developers in the PRC as a lateral expansion of the Group's operations and an additional revenue source. The Trucks will be used for the preparation and transportation of concrete.

As part of the revised agreement signed on 16 December 2024, both parties have mutually agreed to extend the payment timeline to 30 June 2025, the parties have now confirmed that the timeline has been extended to reflect the new deadline for fulfilling the existing payment obligations outlined in the sale and purchase agreement, without altering the payment terms or methods.

For further details, please refer to the announcements of the Company dated 24 May 2024 and 27 May 2024.

(c) On 19 March 2025, subsequent to the reporting period, the company signed a supplementary agreement with GZRCBANK to modify the repayment terms of Bank Loan 3, advancing the full repayment date to 20 May 2027. While this event will not lead to adjustments in the financial statements for the current year, the updated repayment terms and their effects will be disclosed in the upcoming financial statements. As of 31 December 2024, the carrying amount of the loan was RMB236,000,000 (equivalent to HK$253,818,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2024 and 2023 are as follows:

Name	Place of incorporation/ establishment	Registered/ issued and paid up capital	Percentage of ownership interest		Principal activities and place of operation
			Direct	Indirect	
New City Aviation Investment Holdings Limited	Hong Kong	HK$100	100%	–	Investment holding, Hong Kong
New City Green Property Development Limited	Hong Kong	HK$100	100%	–	Investment holding, Hong Kong
Perfection King Limited	Hong Kong	HK$1	100%	–	Investment holding, Hong Kong
New Rank Services Limited	Hong Kong	HK$2	–	100%	General management, Hong Kong
Brilliant Centre Limited	Hong Kong	HK$1	–	100%	Inactive, Hong Kong
Fudi International Holding Co., Limited	Hong Kong	HK$10,000	–	100%	Investment holding, Hong Kong
Novel Apex Investments Limited	Hong Kong	HK$1	–	100%	Investment holding, Hong Kong
New City Trading Investment Limited	Hong Kong	HK$100	–	100%	Inactive, Hong Kong
Faith Onward (Hong Kong) Investments Limited	Hong Kong	HK$1	–	100%	Investment holding, Hong Kong
Guangdong Changliu *(note (a))*	PRC	RMB55,000,000	–	97.27%	Property development and investment, PRC
信誠(洛陽)酒店物業管理有限公司 *(note (b))*	PRC	RMB2,000,000	–	90%	Investment holding, PRC

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43. PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Registered/ issued and paid up capital	Percentage of ownership interest		Principal activities and place of operation
			Direct	Indirect	
Luoyang Wan Heng *(note (c))*	PRC	RMB8,000,000	–	90%	Property development and investment, PRC
Guangdong Changyang *(note (d))*	PRC	RMB10,000,000	–	70%	Investment holding, PRC
廣州暢影影視製作有限公司 *(note (e))*	PRC	RMB3,000,000	–	60%	Property development and investment, PRC
Zhuhai Teng Shun *(note (e))*	PRC	RMB3,000,000	–	70%	Property development, PRC

Notes:

(a) This subsidiary is registered as a limited liability company (foreign joint venture) under the PRC Law.

(b) This subsidiary is registered as a limited liability company (Taiwan, Hong Kong or Macau and domestic joint venture) under the PRC Law.

(c) This subsidiary is registered as a limited liability company (foreign-invested enterprise sole investment) under the PRC Law.

(d) This subsidiary is registered as a limited liability company (foreign-invested enterprise investment) under the PRC Law.

(e) These subsidiaries are registered as other limited liability company under the PRC Law.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

43. PRINCIPAL SUBSIDIARIES (Continued)

The following table shows information on the subsidiaries that has non-controlling interests material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Zhuhai Teng Shun		Luoyang Wan Heng	
	2024	2023	**2024**	2023
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/voting rights held by non-controlling interests	**45%/45%**	45%/45%	**10%/10%**	10%/10%
	HK$'000	HK$'000	**HK$'000**	HK$'000
At 31 December				
Non-current assets	**8**	–	**76,774**	75,595
Current assets	**824,186**	810,908	**673**	325
Current liabilities	**(29,191)**	(1,119)	**(56,430)**	(22)
Non-current liabilities	**(868,713)**	(884,073)	**(34,049)**	(84,959)
Net liabilities	**(73,710)**	(74,284)	**(13,032)**	(9,061)
Accumulated non-controlling interests	**(33,170)**	(33,428)	**(1,303)**	(906)
Year ended 31 December				
Revenue	**–**	–	**–**	–
Loss for the year	**(14,673)**	(25,787)	**(1,251)**	(693)
Total comprehensive income	**(14,673)**	(29,487)	**(1,251)**	(891)
Loss allocated to non-controlling interests	**(6,603)**	(11,604)	**(125)**	(69)
Net cash generated from/(used in) operating activities	**14,479**	18,620	**576**	(310)
Net cash used in investing activities	**(439)**	–	**(237)**	–
Net cash (used in)/from financing activities	**(14,382)**	(18,271)	**–**	344
Net (decrease)/increase in cash and bank balances	**(342)**	349	**339**	34

44. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 31 March 2025.

Five-Year Financial Summary

31 December 2024

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 consolidated financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**98,607**	172,926	180,190	197,817	46,794
GROSS PROFIT	**49,802**	79,871	81,807	93,756	43,834
LOSS BEFORE TAX	**(146,484)**	(200,785)	(125,055)	(69,402)	(33,777)
INCOME TAX CREDIT/(EXPENSE)	**10,162**	59,019	(2,728)	(9)	(11)
LOSS FOR THE YEAR	**(136,522)**	(141,766)	(127,783)	(69,411)	(33,788)
LOSS FOR THE YEAR ATTRIBUTABLE TO:					
Owners of the Company	**(127,649)**	(125,946)	(76,228)	(64,419)	(27,950)
Non-controlling interests	**(8,873)**	(15,820)	(51,555)	(4,992)	(5,838)
	(136,522)	(141,766)	(127,783)	(69,411)	(33,788)

ASSETS AND LIABILITIES

	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**1,609,797**	1,728,153	1,965,280	2,285,650	1,932,582
TOTAL LIABILITIES	**(1,336,389)**	(1,356,427)	(1,442,068)	(1,552,077)	(1,140,545)
NON-CONTROLLING INTERESTS	**54,533**	34,334	20,976	(27,150)	(21,398)
	327,941	406,060	544,188	706,423	770,639