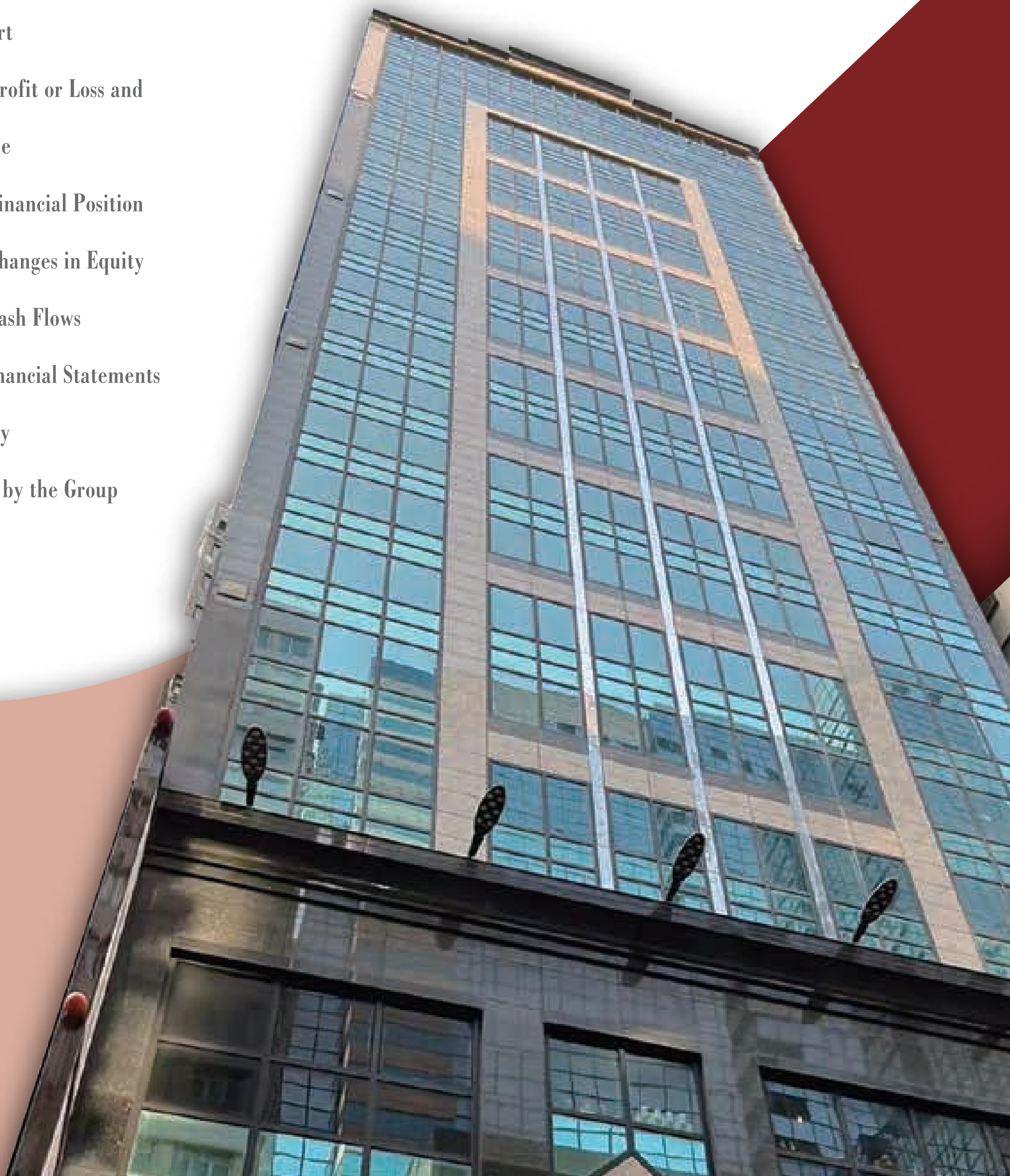
Zhongchang International Holdings Group Limited
中 昌 國 際 控 股 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)
Stock code：859

2024
ANNUAL REPORT

Contents



Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr. Chen Zhiwei *(Chairman)*
Ms. Ku Ka Lee *(Chief Executive Officer)*
Mr. Tang Lunfei (Resigned on 9 December 2024)
Ms. Huang Zhenghong (Appointed on 9 December 2024)

Non-executive directors

Dr. Huang Qiang
Mr. Wong Chi Keung, Kenjie
Ms. Yu Dan

Independent non-executive directors

Mr. Liew Fui Kiang
Mr. Liu Xin
Mr. Yip Tai Him

COMMITTEES

Audit Committee

Mr. Yip Tai Him *(Chairman)*
Mr. Liu Xin
Ms. Yu Dan

Nomination Committee

Mr. Chen Zhiwei *(Chairman)*
Mr. Liew Fui Kiang
Mr. Liu Xin

Remuneration Committee

Mr. Liu Xin *(Chairman)*
Mr. Wong Chi Keung, Kenjie
Mr. Yip Tai Him

AUTHORISED REPRESENTATIVES

Mr. Chen Zhiwei
Mr. Chow Hok Lim

COMPANY SECRETARY

Mr. Chow Hok Lim

AUDITOR

Ernst & Young
Certified Public Accountants

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1711
Tower 2 Times Square
1 Matheson Street
Causeway Bay
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

(In Alphabetical order)

Hang Seng Bank Limited
Nanyang Commercial Bank (China), Limited
Shanghai Pudong Development Bank Co, Limited
Hong Kong Branch

LEGAL ADVISERS

As to Hong Kong law:
Morgan, Lewis & Bockius

As to Bermuda law:
Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

CORPORATE WEBSITE

http://www.zhongchangintl.hk

STOCK CODE

859

Corporate Profile

Zhongchang International Holdings Group Limited (hereinafter referred to as the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**") is principally engaged in leasing of investment properties in Hong Kong. The Company was incorporated in Bermuda on 16 December 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

The board (the "**Board**") of directors (the "**Directors**", and each, a "**Director**") of the Company will continue to drive the performance of its core business at a steady pace in order to create value for the Company and the shareholders of the Company (the "**Shareholders**", and each a "**Shareholder**").

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of Zhongchang International Holdings Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2024 ("**Reporting Period**" or "**FY2024**").

2024 was another challenging year for the Group. Although Hong Kong posted a real gross domestic product growth rate of 2.5% in 2024, structural pressure is hindering the growth of retail sectors. Provisional figures released by the Hong Kong Census and Statistics Department showed Hong Kong's retail sales dropped 7.3% in 2024 compared with the same period in 2023. Global economic uncertainties, geopolitical tensions and underperformance in Hong Kong's real estate markets have collectively contributed to the adverse impact on the local economy and consumer market. Factors such as changes of consumption patterns, strong Hong Kong dollar as well as reduced demand due to outbound travel and cross-border shopping in Shenzhen are accelerating local retail's downward trend.

Looking ahead, the difficult economic environment will continue to put pressure on Hong Kong retail sector in 2025. Nevertheless, the Central Government's roll-out of various measures to boost the Mainland economy and benefit Hong Kong, coupled with the Hong Kong Government's proactive efforts to promote tourism development and boost local sentiment would benefit the retail sector. As the investment properties of the Group are mainly situated in the prime shopping district of Causeway Bay in Hong Kong, the Group believes it remains well-placed to capture potential growth opportunities during the recovery of Hong Kong's tourism and retail sector.

Under the impact of ongoing uncertainties, the Group will continue to focus on its core business in property leasing and will continue to act with prudence and caution. The business priorities of the Group are to improve its liquidity and financial position. The Group is negotiating with financial institutions to roll over or to reschedule the loan repayments. The Group will continue with its best effort to adopt prudent capital management and liquidity risk management in order to meet the challenges ahead.

Chen Zhiwei
Chairman
Hong Kong, 28 March 2025

PROPERTY LEASING BUSINESS

During FY2024, the Group recorded rental income from investment properties in Hong Kong of approximately HK$32.6 million, which represented a decrease of approximately 3.6% from approximately HK$33.8 million recorded in FY2023. The decrease in rental income was primarily attributable to the negative rental reversion arising from renewal of certain existing tenancy agreements and the decline in the occupancy rate during FY2024.

As at 31 December 2024, the investment properties portfolio of the Group achieved an occupancy rate (as measured by the percentage of total lettable area leased over the total lettable area of the Group's portfolio) of approximately 70.6% (31 December 2023: approximately 84.6%). The decrease in occupancy rate was mainly due to overall market softness. Jardine Center remained as the Group's core and steady income generator, accounted for approximately 76.5% of the total revenue of the Group during FY2024.

The Group's revenue growth and occupancy rates are the key measurements used for the assessment of its core leasing business performance. In response to the economic situation, the Group adopted rigorous cost control measures and keep our operating costs down during FY2024. Set out below is a table summarising the key performance indicators for the Group's property leasing business in Hong Kong for FY2023 and FY2024.

		Business performance	
Key performance indicators	**Definition**	**FY2024**	FY2023
Revenue growth	Rental revenue in current year vs the previous year	**-3.6%**	0.3%
Occupancy rate	Percentage of total lettable area leased/total lettable area at year-end	**70.6%**	84.6%
Operating cost ratio	(Staff costs plus other operating expenses) divided by revenue	**27.6%**	33.2%

In 2024, the Group remained focused on further bolstering the resilience of its core business of property leasing in Hong Kong, particularly in Causeway Bay, in order to preserve its long-term competitiveness and ensure sustainable development in this challenging market. The investment properties of the Group are mainly situated in the prime shopping district of Causeway Bay in Hong Kong. During FY2024, the tenants of the Group were mainly engaged in catering, beauty parlour and other retailing businesses.

Management Discussion and Analysis

Set out below is a table summarising the valuation of the investment properties portfolio of the Group in Hong Kong as at the end of FY2024 and FY2023 and revenue contribution of the investment properties portfolio of the Group in Hong Kong in FY2024 as compared to that in FY2023.

	Valuation of investment properties as at 31 December		Decrease in fair value of investment properties	Revenue for		Increase/ (decrease) in revenue
	2024	2023		**FY2024**	FY2023	
	HK$'000	HK$'000	**HK$'000**	**HK$'000**	HK$'000	%
Causeway Bay						
Jardine Center, No. 50 Jardine's Bazaar[1]	**1,270,000**	1,372,000	(102,000)	**24,962**	27,144	(8.0)
Ground Floor and Cockloft Floor, No. 38 Jardine's Bazaar[2]	**69,000**	81,500	(12,500)	**1,924**	1,023	88.1
First Floor, Nos. 38 and 40 Jardine's Bazaar[2]	**11,600**	12,100	(500)	**472**	502	(6.0)
Ground Floor including Cockloft, No. 41 Jardine's Bazaar[2]	**87,000**	110,000	(23,451)	**2,144**	1,998	7.3
Ground Floor, No. 57 Jardine's Bazaar[2]	**98,000**	108,000	(10,000)	**2,184**	2,061	6.0
Mid-Levels						
Shop No. 1 on Ground Floor of K.K. Mansion, Nos. 119, 121 & 125 Caine Road[2]	**46,500**	47,500	(1,000)	**952**	1,050	(9.3)
Total	**1,582,100**	1,731,100	(149,451)	**32,638**	33,778	(3.6)

(1) Ginza-style building
(2) Street-shop

As at 31 December 2024, the investment properties of the Group were revalued at HK$1,582.1 million (31 December 2023: HK$1,731.1 million) by an independent professional valuer. During FY2024, the loss in fair value of investment properties of approximately HK$149.5 million (FY2023: HK$50.4 million) was recognised in the consolidated statement of profit or loss and other comprehensive income. The loss in fair value of investment properties was mainly due to challenging macro environment.

FINANCIAL REVIEW

Revenue

For FY2024, the revenue of the Group amounted to approximately HK$32.6 million, representing a decrease of approximately 3.6% from approximately HK$33.8 million in FY2023. The decrease in rental income was primarily attributable to the negative rental reversion arising from renewal of certain existing tenancy agreements and the decline in the occupancy rate during FY2024.

OTHER INCOME

Other income for FY2024 was approximately HK$1.3 million (FY2023: approximately HK$3.3 million), representing a decrease of approximately HK$2.0 million as compared to FY2023. The decrease was mainly due to (i) decrease in bank interest income and (ii) decrease in refund of Jardine Center building management fee during FY2024 as compared with FY2023.

Staff costs

For FY2024, the Group's staff costs amounted to approximately HK$3.1 million, representing a decrease of approximately 22.5% from approximately HK$4.0 million recorded in FY2023. The decrease in staff costs was mainly due to departures of certain staff during FY2023.

Other operating expenses

Due to adoption of stringent cost control measures, other operating expenses amounted to approximately HK$5.9 million for FY2024, representing a decrease of approximately 19.2% from approximately HK$7.3 million recorded in FY2023. Other operating expenses mainly comprised of investment properties operating costs, professional fees and general administrative costs.

Net loss in fair value of investment properties

As at 31 December 2024, the investment properties of the Group were revalued at HK$1,582.1 million (31 December 2023: HK$1,731.1 million) by an independent professional valuer. During FY2024, a fair value loss on investment properties of approximately HK$149.5 million was recognised in the consolidated statement of profit or loss and other comprehensive income. The fair value loss on the investment properties was mainly due to the challenging macro environment.

Finance costs

For FY2024, finance costs of the Group amounted to approximately HK$50.5 million, representing an increase of approximately 16.4% from approximately HK$43.4 million recorded in FY2023. Such increase was mainly attributable to the interest arising from the shareholder's loan during FY2024.

Loss for the year attributable to the owners of the Company

Loss for the year attributable to the owners of the Company for FY2024 amounted to approximately HK$176.7 million (FY2023: loss of approximately HK$72.9 million). As a result of the reasons mention above, the loss for FY2024 was primarily due to loss in fair value of investment properties of approximately HK$149.5 million and finance costs of approximately HK$50.5 million incurred.

Liquidity and financial resources

The Group's business operations were generally funded by its internal resources and bank and other borrowings. Pursuant to a loan agreement entered into between China Cinda (HK) Asset Management Co., Limited ("**China Cinda (HK)**"), a controlling shareholder of the Company and the Company on 28 December 2023, China Cinda (HK) has agreed to grant an unsecured loan facility to the Company in the principal amount of up to HK$130 million at simple interest rate of 12% per annum to 31 December 2024 which is renewable up to 31 December 2025. As at 31 December 2024, China Cinda (HK) granted the Company a loan principal in aggregate of HK$130 million, with a simple interest rate of 12% per annum to 31 December 2025.

As at 31 December 2024, the Group's outstanding bank and other borrowings amounted to approximately HK$792.0 million (31 December 2023: approximately HK$870.9 million), of which all outstanding secured bank and other borrowings are repayable within one year as of 31 December 2024. The decrease in bank and other borrowings during FY2024 was mainly attributable to repayment of bank borrowings during FY2024.

As at 31 December 2024, the Group maintained cash and bank balances of approximately HK$16.7 million (31 December 2023: approximately HK$123.0 million). The decrease in cash and bank balances was mainly attributable to: (i) repayment of bank borrowings and (ii) payment of interest on bank borrowings during FY2024.

The Group's gearing ratio as at 31 December 2024, which is calculated on the basis of total liabilities over total assets, was approximately 51.5% (31 December 2023: approximately 48.7%). The current ratio of the Group, which is calculated by dividing current assets over current liabilities as at 31 December 2024, was approximately 0.02 (31 December 2023: approximately 0.14). The decrease in current ratio as at 31 December 2024 as compared to 31 December 2023 was mainly due to the significant decrease in cash and bank balances of the Group.

As at 31 December 2024, the Group recorded net current liabilities of approximately HK$787.5 million (31 December 2023: approximately HK$760.6 million). The net current liabilities were mainly due to maturity of the Group's bank and other borrowings which were repayable within one year. The Group's ability to continue as a going concern largely depends on the sufficiency of financial resources available to the Group. The Directors are of the view that, the Group has sufficient working capital to meet its financial obligations as and when they fall due within one year.

Capital Structure

As at 31 December 2024, the issued share capital of the Company was 1,125,027,072 shares. During the Reporting Period, there was no movement of the issued share capital of the Company.

As at 31 December 2024, the net assets of the Group amounted to approximately HK$776.7 million, representing a decrease of approximately 18.5% from the net assets of approximately HK$953.5 million as at 31 December 2023. With the total number of 1,125,027,072 ordinary shares in issue as at 31 December 2024, the net assets value per share was approximately HK$0.69 (31 December 2023: approximately HK$0.85).

Treasury Policy

The Group's transactions and its monetary assets and liabilities are principally denominated in HK$ and RMB. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

DIVIDEND

The Directors do not recommend any dividend for FY2024 (FY2023: Nil).

CONTINUING DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

Breach of financial covenant of HSB loans

On 20 March 2018, Top Bright Properties Limited ("**Top Bright**"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Hang Seng Bank Limited ("**HSB**") for a term loan facility in the principal amount of HK$570 million. On 15 June 2018, Top Bright entered into a supplemental agreement with HSB for a term loan facility in the principal amount of HK$212 million.

On 15 June 2018, each of Smart Land Properties Limited ("**Smart Land**") and Pioneer Delight Limited ("**Pioneer Delight**"), both being indirect wholly-owned subsidiaries of the Company, entered into an agreement with HSB for a term loan facility in the principal amount of HK$50 million and HK$25 million, respectively.

On 5 February 2021, Pioneer Delight, Smart Land and Top Bright (the "**Borrowers**", and each a "**Borrower**"), each received a letter from HSB (through its solicitors) (the "**Letter**") noted that the respective Borrower was in breach of the financial covenant whereby the consolidated tangible net worth of the Company (as their respective guarantor) was less than the requisite minimum of HK$2,000,000,000 (the "**Breach**"). As stated in the Letter to the respective Borrower, HSB may waive the Breach if the relevant Borrower could satisfy certain waiver conditions (the "**Waiver Conditions**"), including to make a partial repayment of not less than HK$164.0 million to HSB (the "**Partial Repayment**"), and provide HSB with satisfactory evidence as HSB may require within one month from the date of the Letter.

On 18 March 2021, the Borrowers have respectively received replies from HSB (through is solicitors) on their respective requests to waive the Breach. HSB informed the Borrowers that subject to, among other things, the Borrowers (i) satisfying the Waiver Conditions; and (ii) providing HSB with satisfactory evidence on or before 30 June 2021, HSB is minded to waive the Breach.

On 23 August 2021, the Borrowers have respectively received replies from HSB (through its solicitors) on their respective request to extend the deadline for making the Partial Repayment to HSB. HSB informed the Borrowers that an extension was granted to the Borrowers until 30 September 2021 for making the Partial Repayment.

On 4 October 2021, the Borrowers respectively received replies from HSB (through is solicitors) that (i) given the Borrowers did not make any repayment of the Partial Repayment on or before 30 September 2021 as per the extension given pursuant to their letters dated 23 August 2021, the failure of making such repayment was considered an event of default under the respective facility letter and the facility agreement; and (ii) HSB made the final demand for repayment in writing, and the Partial Repayment must be repaid immediately and in any event by 8 October 2021, failing of which HSB will take appropriate actions, including but not limited to enforcing the securities maintained by HSB and commencing legal proceedings against the Borrowers.

On 8 October 2021, the Borrowers respectively received further replies from HSB (through its solicitors) that (i) the Partial Repayment that the Borrowers are to be repaid will reduce from HK$164.0 million to HK$100.0 million (the "**Reduced Partial Repayment**"); (ii) the Reduced Partial Repayment must be repaid by 29 October 2021; and (iii) the Borrowers shall bear the legal fees incurred by HSB in connection with the recovery of outstanding loans owed by the Borrowers.

On 29 October 2021, the Borrowers have received further letters from HSB (through its solicitors) that HSB is minded to waive the Breach, subject to the following waiver conditions (the "**New Waiver Conditions**"):

(i) any of the Borrowers to make the Reduced Partial Repayment to HSB by 29 October 2021;

(ii) any of the Borrowers to make the payment of legal fees in the amount of HK$50,000 to HSB for dealing with the Breach and their waiver applications;

(iii) written acknowledgements of the waiver of the Breach by HSB under the letter (including the New Waiver Conditions) shall be signed respectively by, among others, the Borrowers and the Company (as the guarantor under the Facility Letter and Facility Agreement) (the "**Written Acknowledgments**"); and

(iv) notwithstanding the Breach and the waiver by HSB, the terms of the Facility Letter, the Facility Agreement, the finance documents and the security documents (including the guarantee and security provided therein) shall remain in full force and effect. The waiver is without prejudice to and shall not affect other rights and benefits which HSB may have under the Facility Letter, the Facility Agreement, the finance documents and the security documents. Nothing in the letter shall be deemed to be a waiver by HSB of, or consent by HSB to, any breach or potential breach (present or future) of any provision of the Facility Letter, the Facility Agreement, the finance documents and the security documents, except the specific waiver expressly given in the letter.

On 29 October 2021, in accordance with the terms of the New Waiver Conditions set out in the letters from HSB (through its solicitors) to the respective Borrowers, the Borrowers have (i) repaid the Reduced Partial Repayment of HK$100.0 million; (ii) paid the legal fees incurred by HSB in connection with the recovery of the outstanding loans owed by the Borrowers of HK$50,000; and (iii) returned the signed Written Acknowledgements respectively dated 29 October 2021.

On 15 August 2022, HSB approved the application by the Borrowers under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK$78.4 million from 15 August 2022 to 15 February 2023 by satisfying the following conditions:

1. Make partial principal repayment of HK$35 million on 15 August 2022;

2. For loan principal amount of approximately HK$78.4 million, the Borrowers are obliged to pay monthly loan interests for the period from 15 August 2022 to 15 February 2023; and

3. For remaining HSB bank borrowings in aggregate principal amount of approximately HK$722.0 million, the Borrowers are obliged to make monthly repayment of loan principal and loan interests as scheduled.

The Borrowers have performed in accordance with the above conditions.

On 8 March 2023, HSB approved the application by the Borrowers under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK$78.4 million from 15 February 2023 to 15 August 2023 by satisfying the following conditions:

(a) Make partial principal repayment of HK$2.0 million on or before 13 March 2023; and

(b) From 15 February 2023 to 15 August 2023, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

On 21 March 2023, HSB approved the application by Top Bright under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK$468.8 million from 23 March 2023 to 23 September 2023 by satisfying the following conditions:

(a) Make partial principal repayment of HK$5.5 million on or before 31 March 2023; and

(b) From 23 March 2023 to 23 September 2023, Top Bright is obliged to pay loan interests charged on the remaining loan principal amount.

Top Bright has performed in accordance with the above conditions.

On 26 June 2023, HSB approved the application by the Borrowers under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK$236.0 million from 27 June 2023 to 27 December 2023 by satisfying the following conditions:

(a) Make partial principal repayment of HK$3.0 million on or before 7 July 2023; and

(b) From 27 June 2023 to 27 December 2023, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

On 11 August 2023, HSB approved the application by the Borrowers under Pre-approved Principal Payment Holiday Scheme proposed by the Hong Kong Monetary Authority, for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of HK$71.0 million from 15 August 2023 to 31 October 2023 by satisfying the following conditions:

(a) Make partial principal repayment of HK$2.0 million on or before 8 September 2023; and

(b) From 16 August 2023 to 31 October 2023, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

On 31 October 2023, HSB approved the application by the Borrowers for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK$770.8 million to 31 December 2024 by satisfying the following conditions:

(a) Make principal repayment in aggregate of HK$100.0 million on or before 29 December 2023; and

(b) From 31 October 2023 to 31 December 2024, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

On 31 December 2024, HSB approved the application by the Borrowers for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amount of approximately HK$669.8 million to 30 June 2025 by satisfying the following conditions:

(a) Make principal repayment in aggregate of HK$20.0 million on or before 31 December 2024; and

(b) From 31 December 2024 to 30 June 2025, the Borrowers are obliged to pay loan interests charged on the remaining loan principal amount.

The Borrowers have performed in accordance with the above conditions.

Please refer to the announcements of the Company dated 5 February 2021, 18 March 2021, 23 August 2021, 4 October 2021, 8 October 2021 and 29 October 2021 for further details, including the waiver conditions from HSB.

Please also refer to the announcements of the Company dated 12 June 2020 and 29 December 2020 for the waiver of the event of default obtained from HSB in relation to the loan-to-value ratio under the HSB loan facilities.

CORPORATE GUARANTEES

As at 31 December 2024, the Company provided corporate guarantee to HSB for securing banking facilities granted to its subsidiaries which amounted to HK$1,127 million (31 December 2023: HK$1,127 million).

CHARGES ON GROUP ASSETS

As at 31 December 2024, the Group has pledged the following assets:

a) Investment properties in Hong Kong with an aggregate carrying amount of HK$1,582.1 million for securing the Group's bank borrowings;

b) Share mortgage of certain subsidiaries for securing their respective bank borrowings; and

c) Rent assignments in respect of the investment properties held by the Group.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no significant contingent labilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 5 employees (31 December 2023: 5 employees). The Group offers its employees competitive remuneration packages which commensurate with their performance, experience and job responsibilities. The Group also provides other benefits including but not limited to medical insurance, discretionary bonus and mandatory provident fund schemes.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have significant investments, material acquisitions and disposals during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2024 and up to the date of this annual report.

Report of the Directors

The Directors present the annual report and the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 1 to the consolidated financial statements. The business review of the Group for the Reporting Period as well as further discussion and analysis as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) (except for the principal risks and uncertainties facing set out from pages 20 to 21), are set out in the section headed "Management Discussion and Analysis" from pages 5 to 13, the section headed "Investors' Relations and Communication with Shareholders and Stakeholders" under Corporate Governance Report from pages 37 to 38 and the "Environmental, Social and Governance Report" from pages 40 to 61 of this annual report, which form parts of this directors' report.

FINANCIAL STATEMENTS

The results of the Group for the Reporting Period and the statement of the Company's and the Group's affairs as at 31 December 2024 are set out in the consolidated financial statements from pages 67 to 135 (the "**FY 2024 Consolidated Financial Statements**").

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the annual general meeting ("AGM")

For determining the entitlement to attend and vote at the AGM, which will be held on 19 June 2025, the register of members of the Company will be closed from Monday, 16 June 2025 to Thursday, 19 June 2025 (both dates inclusive), during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Friday, 13 June 2025.

INVESTMENT PROPERTIES

The Group's investment properties as at 31 December 2024 were revalued by an independent firm of professional properties valuers using income capitalisation approach and by making reference to comparable rent and sales transactions of similar properties in the similar locations and conditions as available in the market. Details of movements in the investment properties of the Group during the Reporting Period are set out in Note 16 to the FY 2024 Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 14 to the FY 2024 Consolidated Financial Statements.

SHARE CAPITAL

During the Reporting Period, there was no change to the authorised and issued share capital of the Company. Details of the share capital of the Company and the issuance of shares made by the Company are set out in Note 24 to the FY2024 Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would obligate the Company to offer new shares on a pro-rata basis to existing Shareholders.

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best of the Directors' knowledge, information and belief, the Company has maintained sufficient public float as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout FY2024 and up to the date of this report.

RESERVES

Movements in reserves of the Group and the Company during the Reporting Period are set out on page 69 and page 135 of this annual report respectively.

As at 31 December 2024, the Company's reserve available for distribution to shareholders of the Company, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted of approximately HK$96,135,000 (2023: approximately HK$49,602,000).

MAJOR PROPERTIES

Particulars of the major properties held by the Group are set out from pages 137 to 138 of this annual report.

Report of the Directors

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 136 of this annual report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

DIRECTORS

The Directors during the Reporting Period and subsequent to the date of this report were:

Executive Directors

Mr. Chen Zhiwei *(Chairman)*
Ms. Ku Ka Lee *(Chief Executive Officer)*
Mr. Tang Lunfei (Resigned on 9 December 2024)
Ms. Huang Zhenghong (Appointed on 9 December 2024)

Non-executive Directors

Dr. Huang Qiang
Mr. Wong Chi Keung, Kenjie
Ms. Yu Dan

Independent non-executive Directors

Mr. Liew Fui Kiang
Mr. Liu Xin
Mr. Yip Tai Him

In accordance with the Company's bye-laws and the Listing Rules, Ms. Huang Zhenghong, Dr. Huang Qiang, Mr. Yip Tai Him and Mr. Liu Xin will retire from office at the forthcoming AGM and being eligible, will offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors as at the date of this report are set out on pages 22 to 25 of this annual report.

UPDATES ON WAIVER OF BREACH FROM HSB

Please refer to the section headed "Continuing disclosure pursuant to Rule 13.21 of the Listing Rules" under the section headed "Management Discussion and Analysis" from pages 9 to 13.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of two years, commencing from his or her date of appointment. Such service contracts are renewable prior to the expiry for an additional year, subject to the compliance with the Listing Rules and the termination in accordance with the provisions of the service contract, or by either party giving the other not less than one month's prior written notice prior to the expiry or re-election to not renew the existing term, or three months' prior written notice in other cases.

Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one year to three years depending on the terms of appointment and commencing from the date of his or her letter of appointments. Such letters of appointment are renewable on the date of appointment or re-election at the general meeting of the Company, and up to the next annual general meeting of the Company when his or her re-election is being considered, subject to the compliance with the Listing Rules and the termination in accordance with the provisions of the letters of appointment, or by either party giving the other not less than one month's prior written notice.

No Director who is proposed for re-election at the forthcoming AGM has a service contract or letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no contract of significance to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which any Director or an entity connected with a Director had an interest whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of The Company or any of its Associated Corporations" on page 18 of this annual report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares, or underlying shares in, or debenture of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, there was no competing business in which a Director had an interest which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

MANAGEMENT CONTRACTS

Other than the Director's service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended 31 December 2024.

MAJOR CUSTOMERS AND SUPPLIERS

In relation to the Group's business, the percentages of Group's total revenue for the Reporting Period attributable to the largest customer and the five largest customers in aggregate were approximately 7.4% and 33.2%, respectively.

Taking into account the nature of the Group's business and operations, the Group did not have any major suppliers in relation to its property investment business during the year.

None of the Directors, their respective close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interests in any major customers or suppliers noted above.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group has maintained a good relationship with its employees, customers and suppliers. For more details, the "Environmental, Social and Governance Report" from pages 40 to 61 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were 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 under Section 352 of the SFO, or which were required and pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executives of the Company, as at 31 December 2024, Shareholders who 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 were as follows:

		As at 31 December 2024	
Name of substantial shareholder	Capacity and nature of interest	Number of ordinary shares and underlying shares interested L-(long position)/ S-(short position)	Approximate percentage of issued share capital of the Company[1]
China Cinda (HK) Asset Management Co., Limited [2][3]	Beneficial owner	L – 843,585,747	74.98%
Bonds & Sons Holdings Limited [4]	Beneficial owner	L – 111,642,295	9.93%
Bonds & Sons International Limited [4]	Interest in controlled corporation	L – 111,642,295	9.93%
Bonds Chan Family Holdings (PTC) Ltd. [4]	Interest in controlled corporation	L – 111,642,295	9.93%
China Cinda Asset Management Co., Ltd. [2][3]	Interest in controlled corporation	L – 843,585,747	74.98%

Notes:

(1) Based on 1,125,027,072 ordinary shares of the Company in issue at 31 December 2024.

(2) China Cinda (HK) Asset Management Co., Limited is the beneficial owner of 843,585,747 shares.

(3) China Cinda Asset Management Co., Ltd. controlled 100% of China Cinda (HK) Holdings Company Limited, which is the sole shareholder of China Cinda (HK) Asset Management Co., Limited and is deemed under the SFO to be interested in the 843,585,747 Shares held by China Cinda (HK) Asset Management Co., Limited.

(4) To the best knowledge, information and belief of the Directors, Bonds & Sons Holdings Limited is 100% controlled by Bonds & Sons International Limited, which is in turn 100% controlled by Bonds Chan Family Holdings (PTC) Ltd. Accordingly, Bonds Chan Family Holdings (PTC) Ltd. and Bonds & Sons International Limited are deemed under the SFO to be interested in the 111,642,295 Shares held by Bonds & Sons Holdings Limited.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any person 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.

DIRECTORS' INDEMNITIES AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

In accordance with the bye-law 164(1) of the Company's bye-laws, every Director and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of them.

Such permitted indemnity provisions have been in force throughout the Reporting Period and is currently in force at the time of approval of this report.

In addition, the Company has arranged Directors' and officers' liability insurance coverage for the Directors and officers of the Company.

CONNECTED TRANSACTION

The Loan Agreement as disclosed in Note 30 to the Consolidated Financial Statements is a continuing connected transaction which is fully exempt from shareholders' approval, annual review and all disclosure requirement under the Listing Rules.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could affect the Group's business model, future performance and solvency which are considered by the Board on a regular basis. The Board, through its Audit Committee, has established and maintained the Group's internal control system and risk management process in order to monitor significant risks and achieve the Group's strategic objectives and missions. Additional information on the Group's risk management and internal control is set out in the Corporate Governance Report. The key major risks affecting the Group's business are as follows:

Economic and Financial Risk

The Group's major assets are investment properties located in Hong Kong which contributed to the Group's revenue and results of operations, accordingly, they are exposed to the risk of uncertain and/or negative performance of Hong Kong economy, financial and property markets, either directly or indirectly through restrictions in the availability of credit from the Group's bankers and the Group's investment properties – tenants in terms of reduction in rental income and occupancy. Such adverse impact in effect might reduce the Group's rental revenue, increase the finance cost and decrease the fair value of the Group's investment properties and hence the net asset values of the Group. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences. Therefore, the Group will continue to develop and expand into different regional markets to reduce its dependence on specific markets.

All of the Group's bank borrowings secured by the investment properties in Hong Kong are subject to floating interest rates based on HIBOR plus a fixed margin. The Group will closely monitor and manage its exposure to the interest rate fluctuations and will consider engaging hedging instruments against interest rate risks as and when appropriate.

Regulatory Risk

The Group is subject to the introduction of new laws, policies or regulations, changes in the interpretation or application of new laws, policies and regulations applicable to the Group.

During the Reporting Period, as far as the Company is aware, there was no material breach or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operation of the Group.

AUDITOR

The consolidated financial statements for the Reporting Period were audited by Ernst & Young whose term of office will expire upon the forthcoming AGM, and being eligible, offer themselves for re-appointment. A resolution for the re-appointment as the auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Chen Zhiwei
Chairman and Executive Director

Hong Kong, 28 March 2025

* *for identification purpose only*

DIRECTORS

Executive Directors

Mr. Chen Zhiwei ("Mr. Chen")

Mr. Chen, aged 40, has been appointed as an executive Director with effect from 13 May 2020 and the chairman of the Board (the "**Chairman**") on 15 January 2021. Mr. Chen was previously the chief executive officer ("**CEO**") between 22 June 2020 and 14 January 2021. Mr. Chen was appointed as the Chairman and the chairman of the Nomination Committee with effect from 15 January 2021. He has over 18 years of investment and research experience in the financial industry. Mr. Chen obtained his Bachelor of Economics in July 2004 from Tsinghua University of the People's Republic of China and his Master of Science (Estate Management) in August 2009 from National University of Singapore. Mr. Chen joined China Cinda (HK) Holdings Company Limited (a wholly-owned subsidiary of China Cinda Asset Management Co., Ltd ("**China Cinda**")) ("**Cinda HK**") in June 2010 and is currently serving as its deputy general manager, and is responsible for managing its investment and financing business. Mr. Chen has been a non-executive director of Silver Grant International Holdings Group Limited, a company listed on the Main Board (stock code: 171) since January 2019. In addition, during the past three years, Mr. Chen was previously a non-executive director of (1) Modern Land (China) Co., Limited, a company listed on the main board of the Stock Exchange of Hong Kong Limited ("**Main Board**") (stock code: 1107) from December 2016 to March 2022; (2) SouthGobi Resources Ltd., a company listed on the Main Board (stock code: 1878), and the Toronto Stock Exchange (TSX: SGQ) from April 2018 to December 2022; and (3) China Fortune Financial Group Limited, a company listed on the Main Board (stock code: 290) from April 2018 to November 2022.

Ms. Ku Ka Lee ("Ms. Ku")

Ms. Ku, aged 54, joined the Group on 17 June 2020 and has been appointed as a non-executive Director since 6 January 2021 up to 14 January 2021. She has been re-designated from non-executive Director to executive Director and appointed as the CEO with effect from 15 January 2021. She is also a director of all subsidiaries of the Company incorporated in Hong Kong and the British Virgin Islands respectively. Ms. Ku is currently the managing director of the Investment Department of Cinda HK, responsible for sourcing and execution of private and secondary market transactions valuing in excess of HK$10 billion. Ms. Ku has over 25 years' experience in the management and finance sectors. She joined China Cinda in 1996 and throughout her career at China Cinda, she has worked in a variety of roles and positions. Prior to her appointment in 2018 as the managing director of the Investment Department in Cinda HK, Ms. Ku was an executive director of the Investment Department in Cinda HK from March 2017 to March 2018 and prior to that, a Senior Manager Assistant of the Investment Department in Cinda HK from March 2016 to March 2017. While at Cinda HK, Ms. Ku has provided corporations with financial supports through loans, equity investments, mezzanine investments, bond investments, initial public offerings, and additional investment opportunities at every stage of corporate growth. Ms. Ku studied international trade at Hubei University in China in 1989. She subsequently obtained a Diploma in Business Management which was jointly organised by The Hong Kong Management Association and Lingnan University in Hong Kong in July 2005. Ms. Ku also completed the Licensing Examination for Securities and Futures Intermediaries from the Hong Kong Securities and Investment Institute for the practising certificate for securities and asset management in October 2013 and December 2013, respectively. Furthermore, Ms. Ku is a member of the Canadian Institute of Corporate Directors. Ms. Ku has been serving as an executive director of Silver Grant International Holdings Group Limited, a company listed on the Main Board (Stock Code: 171) since September 2024. In addition, during the past three years, Ms. Ku has been a non-executive director of SouthGobi Resources Limited, a company listed on the Main Board (Stock code: 1878), from December 2020 to December 2022.

Ms. Huang Zhenghong ("Ms. Huang")

Ms. Huang, aged 56, has been appointed as an executive Director with effect from 9 December 2024. Ms. Huang has been serving as the head of Risk & Compliance of Cinda HK, a wholly-owned subsidiary of China Cinda Asset Management Co., Ltd. ("**China Cinda**"), a company listed on the main board of the Stock Exchange (stock code: 1359) since August 2024.

Ms. Huang has over 30 years of experience in the financial industry. Ms. Huang graduated from Tianjin Finance and Economics Institute (天津財經學院) (now known as Tianjin University of Finance and Economics (天津財經大學)) in 1989 with a Bachelor's degree in economics. She worked in Fujian Branch of China Construction Bank and Fuzhou Branch of China Construction Bank from 1989 to 1999. Subsequently, she joined China Cinda in 1999 where she served as deputy manager, manager, senior manager assistant, senior deputy manager and senior manager successively in various departments of the Fuzhou Office of China Cinda, as well as the specialised approver of China Cinda. Before joining Cinda Hong Kong, Ms. Huang joined Cinda Investment Co., Ltd. (a wholly-owned subsidiary of China Cinda) in 2019 as the head of Risk & Compliance. Both Cinda Hong Kong and China Cinda are substantial Shareholders (having the meaning ascribed to it in the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**")) whose interests in the shares of the Company ("**Shares**") fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**").

Non-Executive Directors

Dr. Huang Qiang ("Dr. Huang")

Dr. Huang, aged 48, has been appointed as a non-executive Director with effect from 13 May 2020. Dr. Huang was previously a member of the Audit Committee between 19 June 2020 and 11 May 2021. He graduated from the School of Business Administration of Southwest University of Finance and Economics with a Master's degree in December 2003, and graduated from the School of Business Administration of Southwest University of Finance and Economics with a Doctorate degree in Business Administration in July 2009. In 2013, he successively worked for China Cinda Asset Management Co., Ltd in Strategic Development Department as Assistant General Manager and Asset Management Department as Assistant General Manager and Deputy General Manager. From 2016 to 2017, he served as Assistant President of Nanyang Commercial Bank, Limited. From 2017 to 2020, he served as Deputy General Manager of China Cinda (HK) Holdings Company Limited. He is currently the Chairman and General Manager of China Cinda (HK) Holdings Company Limited and the Chairman of Well Kent International Enterprises (Shenzhen) Co., Ltd.

Mr. Wong Chi Keung, Kenjie ("Mr. Wong")

Mr. Wong, aged 65, has been appointed as a non-executive Director and a member of the Remuneration Committee with effect from 26 February 2021. He has over 30 years of experience in providing a range of services such as strategy, marketing and business consulting services to international businesses in particular for those wishing to expand into China, including Hong Kong. Through direct experience as well as relationships formed with industry players, he has knowledge in a broad range of market sectors such as consumer products, automotive, finance and banking, property, luxury fashions and wine & spirits. In June 2016, Mr. Wong joined House of Connoisseur Ltd. as executive director. House of Connoisseur Ltd. is a wine and spirit company in Hong Kong that carry a wide range of wine and spirits, including fine wine and premium spirits. Mr. Wong is responsible for leading, developing and executing a comprehensive business and marketing strategy for it to become a leader in this competitive market. Prior to joining the House of Connoisseur Ltd., Mr. Wong held senior posts in a number of private companies. In April 2015, Mr. Wong joined Kingsway Cars Ltd., the authorised dealer of Lamborghini in Hong Kong, as general sales manager. From January 2013 to March 2015, Mr. Wong was the executive director of Gao Peng Cultural and Media Group Ltd., a consulting company advising on licensing, intellectual property and merchandising. Between March 2011 and January 2013, Mr. Wong was the general manager of Newcast Shanghai, the branded content and engagement arm of ZenithOptimedia. From 1997 to 2011, Mr. Wong held various positions mainly focused in the field of advertising and marketing. Mr. Wong obtained a Bachelor of Arts degree majoring in Communication Studies from Simon Fraser University in British Columbia, Canada in 1984.

Ms. Yu Dan ("Ms. Yu")

Ms. Yu, aged 42, has been appointed as a non-executive Director on 12 May 2021. Ms. Yu is also a member of the Audit Committee of the Company. She joined Cinda HK in January 2017 and currently serving as the head of Finance Department of Cinda HK primarily responsible for all aspects of financial management. Ms. Yu has more than eight years of experience in auditing. Prior to joining the Board, Ms. Yu worked in international accounting firm from December 2004 to April 2013 with her last position as an audit manager at KPMG. Also, Ms. Yu worked in Like International Limited in Shanghai, which primarily engages in design and manufacture of smart point of sale ("POS") machines and system for restaurants and supermarkets, as finance director from September 2013 to March 2015. Furthermore, Ms. Yu worked in NQ International Limited (NYSE symbol: NQ) as investor relations director from April 2015 to January 2016. Ms. Yu obtained a bachelor's degree major in business administration from 華東師範大學 (East China Normal University) in July 2004. Ms. Yu is a member of each of the Chinese Institute of Certified Public Accountants and American Institute of Certified Public Accountants.

Independent Non-Executive Directors

Mr. Liew Fui Kiang ("Mr. Liew")

Mr. Liew, aged 58, has been appointed as an independent non-executive Director of the Company since January 2018. Mr. Liew is currently an independent non-executive director of Shandong Gold Mining Company Limited (stock code: 1787 and Shanghai Stock Exchange stock code: 600547), Zhaoke Ophthalmology Limited (stock code: 6622) and Zhengye International Holdings Limited (stock code: 3363), respectively.

Mr. Liew currently serves as an independent member of the board of supervisors for Ping An Insurance (Group) Company of China, Limited (stock code: 2318 and Shanghai Stock Exchange stock code: 601318), a Fortune Global 500 corporation.

Mr. Liew previously served as an independent director of Baoshan Iron & Steel Company Limited (寶山鋼鐵股份有限公司, Shanghai Stock Exchange stock code: 600019), a Fortune Global 500 corporation. He previously served as an independent non-executive director of China Apex Group Limited (stock code: 2011). Mr. Liew was the chairman of the board of directors and executive director of PacRay International Holdings Limited (stock code: 1010).

Mr. Liew is a fellow of the Hong Kong Institute of Directors. He is a solicitor of England and Wales, and a solicitor of Hong Kong. Mr. Liew graduated from the University of Leeds of the United Kingdom with a Bachelor of Laws (Tetley & Lupton scholar) and he graduated from the Hull University Business School of the United Kingdom with a Master of Business Administration. Mr. Liew was awarded the General Management Certificate of Achievement by the University of Cambridge Judge Business School of the United Kingdom; and he earned the Certificate for ESG Investing from the CFA Institute of the United States of America.

Directors' Biography

Mr. Liu Xin ("Mr. Liu")

Mr. Liu, aged 69, has been appointed as the independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of the Company since 12 May 2021. Mr. Liu has over 30 years of extensive experience and knowledge in finance and investment banking. Mr. Liu has been serving as a senior advisor of Deloitte China since March 2019, participated in in anti-money laundry training, project financing and strategy of business development in a number of China financial institutions. Prior to Deloitte China, Mr. Liu was with BNP Paribas in Hong Kong between July 2007 and June 2018. Mr. Liu's positions during his time at BNP Paribas included the managing director of financial institution group of BNP Paribas in Hong Kong as well as the head of Global Risk Solutions (China). Prior to joining BNP Paribas, Mr. Liu worked as senior adviser of China Affairs Department in HSBC in London from 2001 to 2002. Mr. Liu also worked as the director of the Investment Division in China's State Administration of Foreign Exchange (SAFE) from 1989 to 2001, where he accumulated rich knowledge in interpreting Chinese policies and regulations for the Chinese financial system. In addition, during the past three years, Mr. Liu has also been an independent non-executive director, a member of each of the audit committee, remuneration committee and nomination committee of China Fortune Financial Group Limited (stock code: 290) since 10 March 2020 to September 2022.

Mr. Liu graduated from Hubei University in June 1982 with a bachelor's degree in Arts. He then further obtained a master's degree in Economics from Wuhan University in June 1989 and a doctor's degree majoring in Economics from The University of Leeds in August 2007. Mr. Liu was honoured as a Senior Economist by the People's Bank of China in 1996. He also published extensively in world-class journals and books as a co-author with well-known British scholars.

Mr. Yip Tai Him ("Mr. Yip")

Mr. Yip, aged 54, has been appointed as an independent non-executive Director on 13 May 2020. Mr. Yip has been appointed as the chairman of the Audit Committee with effect from 15 June 2020 and as a member of Remuneration Committee with effect from 26 February 2021. He has over 20 years of experience in accounting, auditing and financial management. Mr. Yip obtained his Bachelor degree from the City University of Hong Kong in November 1993. He has been admitted as a member of the HKICPA, a fellow of the Association of Chartered Certified Accountants in the United Kingdom and a fellow of the Institute of Chartered Accountants in England and Wales since June 1997, September 2001 and January 2016 respectively. Mr. Yip has been serving as an independent non-executive director of (1) Shentong Robot Education Group Company Limited (a company with principal business of robotic education and listed on GEM with stock code: 8206); (2) GCL-Poly Energy Holdings Limited (a solar energy related company listed on the Main Board with stock code: 3800); and (3) Redco Properties Group Limited (a property developer listed on the Main Board with stock code: 1622); Mr. Yip has submitted his resignation as an independent non-executive director of Dongguan Rural Commercial Bank Co., Ltd (a PRC banking services company listed on the Main Board with stock code: 9889) on 21 March 2025.

The Company is committed to good corporate governance practices in order to safeguard the interests of the Shareholders. This is essential to the success of the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Company has adopted a corporate governance code prepared based on the code provisions (the "**Code Provisions**") of the latest code on corporate governance (the "**CG Code**") as set out in Appendix C1 to the Listing Rules from time to time as the guidelines for corporate governance of the Company and has complied with the CG Code throughout the Reporting Period save for the following deviation:

Code Provision C.1.6 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend the general meetings of the Company.

Mr. Liew Fui Kiang, an independent non-executive Director, did not attend the annual general meeting of the Company held on 21 June 2024 due to other business engagement.

ROLES AND RESPONSIBILITIES OF THE BOARD AND DELEGATED FUNCTIONS OF THE MANAGEMENT

The Board is responsible for the leadership and overall control of the Company, oversees the Group's business, formulates strategic plans/decisions and monitors financial and operational performances, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibilities for decision making in all major matters of the Company which include, approving and monitoring all policy matters, setting of objectives and overall strategies, material transactions, appointment of Directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the executive Directors and senior management under the direction and supervision of the Chairman of the Company. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to entering into of any significant transactions by the executive Directors and the Board has the full support from them to discharge its duties and responsibilities. The Board establishes the Company's purpose, values and strategies, and needs to satisfy itself that these and the Company's culture are aligned. All Directors must act with integrity, lead by example, and promote the culture which aligned to the Company and the culture will instill and continually reinforce across the Company's values of acting lawfully, ethically and responsibly. The Board will continue to drive the performance of its core business at a steady pace in order to create value for the Company and the Shareholders in the long run.

CULTURE

The Group has always believed that good corporate culture can provide enlightening direction for corporate business development and "compass" for actions during the crucial period of business restructuring and rapid development. It can also create strong unity and motivational forces, helping the Company achieve its objectives and generate the greatest effectiveness with limited resources. Striving to establish its unique corporate culture, the Group firmly believes that talent is the most important capital for corporate development. A management team of cohesive, dedicated, professional, progressive personnel can help a company to deliver the greatest efficiency, provide customers with the most satisfactory services, and create the biggest returns to the Shareholders.

We believe that strengthening the establishment of corporate culture will boost the efficiency of the Company. The Group actively fosters a set of values and behavioural models.

(1) United with Solidarity:

Share the same corporate philosophy together in good and bad times; create bright future for the Company;

(2) Honest and responsible:

Be loyal to the Company and responsible for fulfilling obligations; make one's utmost effort for the best performance;

(3) Diligent and confident:

Be diligent, eager to learn and add value to oneself, have full confidence in one's work;

(4) Proactive and cohesive:

Proactive and co-operative, get along well with colleagues, strives to handle matters in the best way;

(5) Flexible and adaptable:

React flexibly in the face of challenges, make appropriate adjustment while adhering to one's principles;

(6) Practical and Innovative:

Be practical and courageous to overcome difficulties and innovative while facing challenges with the Company; and

(7) Fully committed:

Unswerving towards objectives, strives to complete one's task with perseverance and commitment.

RELATIONSHIPS AMONG MEMBERS OF THE BOARD

Directors' biographical details and relationships between the Directors (if any) are set out in the section entitled "Directors' Biography" in this annual report.

CORPORATE GOVERNANCE FUNCTIONS

The Company has not established any corporate governance committee. The Board is responsible for performing the corporate governance functions including (i) developing and reviewing the Company's policies, practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; and (iv) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

BOARD COMPOSITION

The Board currently comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. The Company has three independent non-executive Directors, representing at least one-third of the Board. At least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise. Biographical details of the Directors are set out on pages 22 to 25 of this annual report. There is no relationship, including financial, business, family, or other material relevant relationship, among the members of the Board.

THE BOARD

Number of meetings attended/eligible to attend

The Board held 4 regular meetings during the Reporting Period.

The attendance of individual Directors at the Board meetings and the general meetings held for the Reporting Period are as follows:

Name of Directors	Regular Board meetings[1]	General meetings
Executive Directors		
Mr. Chen Zhiwei *(Chairman)*	4/4	1/1
Ms. Ku Ka Lee *(Chief Executive Officer)*	4/4	1/1
Mr. Tang Lunfei[3]	4/4	1/1
Ms. Huang Zhenghong[3]	N/A	N/A
Non-executive Directors		
Dr. Huang Qiang	4/4	1/1
Mr. Wong Chi Keung, Kenjie	4/4	1/1
Ms. Yu Dan	4/4	1/1
Independent non-executive Directors		
Mr. Liew Fui Kiang	4/4	0/1
Mr. Liu Xin	4/4	1/1
Mr. Yip Tai Him	4/4	1/1

Notes:

(1) Regular Board meetings are attended by a majority of the Directors through other electronic means of communication.

(2) In addition, the Chairman held a meeting with the independent non-executive Directors without the presence of other executive Directors during the Reporting Period.

(3) Ms. Huang Zhenghong appointed on 9 December 2024, and Mr. Tang Lunfei resigned on 9 December 2024.

BOARD PROCEEDINGS

The company secretary of the Company ("**Company Secretary**") assists the Chairman in establishing the meeting agenda and each Director may request inclusion of items in the agenda. A notice of at least 14 days is given to all Directors for all regular Board meetings. Relevant information such as agendas and accompanying board papers are circulated to all Directors normally three days in advance of the Board meetings.

With the assistance of the Company Secretary, the Chairman ensures that all Directors are properly briefed on issues arising from Board meetings and that they receive adequate information in a timely manner in order to assist them to make informed decisions and discharge their duties as Directors. Upon reasonable request, the Directors and Board committees will have access to the advice of the Company Secretary and independent professional advice in appropriate circumstances at the Company's expense in carrying out their duties.

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

Meeting minutes of the Board and Board committees are recorded in appropriate details and draft minutes are circulated to the respective Board members for comments before being approved by the Board and Board committees. All minutes are kept by the Company Secretary and are open for inspection by the Directors on reasonable notice.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The code provision B.2.2 of the CG Code requires every Director, including those appointed for a specific term, to be subject to retirement by rotation at least once every three years. According to the bye-laws of the Company, one-third of the Directors shall retire from office by rotation at each AGM. The code provision B.2.3 of the CG Code stipulates that if an independent non-executive director has served more than 9 years, such director's further appointment should be subject to a separate resolution to be approved by Shareholders.

Newly appointed Director shall receive briefings and orientation on their legal and other responsibilities as a Director and the role of the Board. Pursuant to rule 3.09D of the Listing Rules, Ms. Huang Zhenghong had obtained legal advice on 22 November 2024 and had confirmed that she understood her obligations as a Director. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make informed decisions and to discharge their duties and responsibilities as Directors.

In the AGM of the Company held on 21 June 2024, three Directors (Ms. Ku Ka Lee, Mr. Wong Chi Keung, Kenjie and Mr. Liew Fui Kiang) retired from office by rotation pursuant to bye-laws of the Company.

None of the independent non-executive Directors have served more than nine years.

See "Report of the Directors" for details of retirement and re-election of Directors at the forthcoming AGM.

BOARD INDEPENDENCE

Pursuant to code provisions B.1.4 of the CG Code, the Board established mechanism(s) to ensure independent views and input are available to the Board, in particular, (i) independent non-executive Directors are encouraged to actively participate in the Board meetings; (ii) long-serving independent non-executive Directors are discouraged to be re-elected; (iii) the number of independent non-executive Directors must comply with the requirement under the Listing Rules; and (iv) the independent non-executive Directors shall devote sufficient time to discharge their duties as a Director. Furthermore, the Directors may access external independent professional advice to assist their performance of duties at the expense of the Company. The Board will review the implementation and effectiveness of such mechanism(s) on an annual basis.

Pursuant to code provisions E.1.9 of the CG Code, the Company generally should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive directors of the Company as this may lead to bias in their decision-making and compromise their objectivity and independence. The independent non-executive Directors of the Company were not granted equity-based remuneration up to the date of this report.

The Company has received the annual written confirmations of independence from all of the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. During the Reporting Period and up to the date of this report, none of the independent non-executive Directors at the time and currently sitting on the Board has served on the Board for more than nine years. The Board is of the view that all of the independent non-executive Directors are independent in character and judgement and that they all meet the specific independence criteria as required by the Listing Rules.

RESPONSIBILITIES OF DIRECTORS

The Directors acknowledged their responsibility for preparing the financial statements of the Group for the Reporting Period. Every Director is required to keep abreast of his/her responsibilities as a Director and of the conduct, business activities and development of the Group. On appointment, new Directors will receive a comprehensive, formal induction on the Group's business and his/her responsibilities as a Director.

CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

The Company has also adopted the Model Code as the Code for Securities Transactions by Relevant Employees to regulate dealings in securities of the Company by certain employees of the Company or any of its subsidiaries or the holding companies who are considered to be likely in possession of inside information in relation to the Company or its securities.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Each of the Directors newly appointed during the Reporting Period have received induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. All Directors are also encouraged to attend training courses relevant to changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates at the Company's expenses.

Under the code provision C.1.4 of the CG Code, all Directors should participate in continuous development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Directors are continuously updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. During the Reporting Period, the Company has provided timely technical updates, including the briefing on the amendments to the Listing Rules and the news release published by the Stock Exchange to the Directors. Continuous briefing and seminars on professional development for the Directors are arranged where necessary. During the Reporting Period, regulatory updates and relevant materials on amendment to Listing Rules were sent to the Directors for their awareness of the latest development on statutory requirements.

The table below summarised the trainings each Director received during the Reporting Period:

Name of Directors	Seminars on regulations and updates	Reading materials relating to regulatory update and corporate governance matters
Executive Directors		
Mr. Chen Zhiwei *(Chairman)*	√	√
Ms. Ku Ka Lee *(Chief executive officer)*	√	√
Mr. Tang Lunfei (Resigned on 9 December 2024)	√	√
Ms. Huang Zhenghong (Appointed on 9 December 2024)	√	√
Non-Executive Directors		
Dr. Huang Qiang	√	√
Mr. Wong Chi Keung, Kenjie	√	√
Ms. Yu Dan	√	√
Independent non-executive Directors		
Mr. Liew Fui Kiang	√	√
Mr. Liu Xin	√	√
Mr. Yip Tai Him	√	√

BOARD COMMITTEES

The Board currently has established three committees, being the Remuneration Committee, the Audit Committee and the Nomination Committee (collectively the "**Board Committees**"), for overseeing particular aspects of the affairs of the Group. All Board Committees have been established with specific terms of reference, which are available on the Company's website at http://www.zhongchangintl.hk and the website of the Stock Exchange at http://www.hkexnews.hk. All the Board Committees should report to the Board on their decisions or recommendations made.

All Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses. The duties and work done by the foregoing Board Committees for the Reporting Period are detailed below.

Remuneration Committee

The Remuneration Committee was established on 20 May 2005 and is governed by its terms of reference. The terms of reference have been posted on Company's website at http://www.zhongchangintl.hk and the website of the Stock Exchange at http://www.hkexnews.hk. The Remuneration Committee comprised two independent non-executive Directors and one non-executive Director, namely, Mr. Liu Xin, the chairman of the Remuneration Committee, Mr. Wong Chi Keung, Kenjie and Mr. Yip Tai Him.

The Remuneration Committee assists the Board to (i) develop and administer fair and transparent procedures for setting policies on the remuneration; (ii) assess the performance; (iii) with delegated responsibility to determine the remuneration packages; and (iv) make recommendations to the Board on the remuneration of all Directors and senior management of the Company and approve the terms of executive directors' service contracts. It is also responsible for the administration of the share option scheme adopted by the Company, reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time, the compensation payable to executive Directors and senior management in connection with any loss or termination of their office, their dismissal, removal or appointment; and advising Shareholders on how to vote with respect to any service contracts of Directors that requires Shareholders' approval under the Listing Rules.

During the Reporting Period, the Remuneration Committee reviewed the remuneration packages of the newly appointed executive Director and the terms of executive Director's service contract.

Details of Directors' emoluments on named basis for the Reporting Period are set out in note 9 to the consolidated financial statements. In addition, pursuant to the code provision E.1.5 and E.1.8 of the CG Code, the annual remuneration of the five highest paid employees by bands for the Reporting Period is set out below:

Remuneration bands	No. of five highest paid employees
HK$100,001–HK$500,000	1
HK$500,001–HK$1,000,000	2
HK$1,000,001–HK$1,500,000	1
	4

The Remuneration Committee held one meeting during the Reporting Period and the record of attendance of its members is as follows:

Name of member	Attendance/Number of meeting(s)
Mr. Liu Xin *(chairman)*	1/1
Mr. Wong Chi Keung, Kenjie	1/1
Mr. Yip Tai Him	1/1

Note: The number of meeting(s) represent the meeting(s) held during the respective Directors' office term.

Audit Committee

The Audit Committee was established on 20 May 2005 and is governed by its terms of reference which has been last updated on 31 December 2018 and previously updated on 25 March 2009, 19 March 2012 and 4 December 2015 are available on the Company's website at http://www.zhongchangintl.hk and the website of the Stock Exchange at http://www.hkexnews.hk.

The Audit Committee meets at least twice a year to review the Company's interim and annual results and the integrity of the Group's financial statements. The Audit Committee is accountable to the Board and assists the Board in meeting its responsibilities in ensuring that an effective and adequate system is in place for internal control and risk management and for meeting its external financial reporting obligations and compliance with other legal and regulatory requirements. The Audit Committee also reviews and monitors the scope and effectiveness of the work of external auditor.

The Audit Committee comprised the following members: (i) Mr. Yip Tai Him, the chairman of the Audit Committee and an independent non-executive Director; (ii) Mr. Liu Xin, an independent non-executive Director; and (iii) Ms. Yu Dan, a non-executive Director.

Each member of the Audit Committee possesses in-depth experience in his/her own profession. Mr. Yip Tai Him and Ms. Yu Dan possess appropriate accounting or relevant financial management expertise and meet the requirements of Rule 3.21 of the Listing Rules. During the Reporting Period, the Audit Committee had reviewed and discussed with management, among others, the accounting principles and practices adopted by the Group, audit, internal control and risk management systems, financial reporting matters, made recommendation on the re-appointment of external auditor for the approval of the Shareholders in the AGM of the Company, and audited consolidated financial statements for FY2024 agreed by the external auditor.

The work performed by the Audit Committee during the Reporting Period also included the following matters:

- considering the Company's compliance with statutory and regulatory requirements; developments in accounting standards and the effect on the Company;
- reviewing the effectiveness of the financial reporting system, internal control and risk management system of the Group;
- reviewing and discussing with management the report of the risk management and internal control systems to assess the internal control and risk management of the Company during the Reporting Period;
- 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;

- reviewing and monitoring the independence and objectivity of external auditor and the effectiveness of the audit process;

- discussing with the auditor the nature and scope of the audit and reporting obligations; and

- developing and implementing policy on engaging an external auditor to supply non-audit services.

The Audit Committee had reviewed and made recommendation for the Board's approval, among others, the draft unaudited interim financial statements of the Group for the six months ended 30 June 2024, annual report of FY2023 and discussed the accounting policies and practices which may affect the Group with the management.

Pursuant to the new code provision D.2.6 of the CG Code, the Company has established a whistleblowing policy and system, whereby employees and those who deal with the Company (e.g. customers and suppliers) may raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company. The whistleblower could report the concerns to the Audit Committee of the Company directly by sending their concerns, through the following ways:

- **Mail**:

  Audit Committee
  Zhongchang International Holdings Group Limited
  Suite 1711, Tower 2, Times Square,
  1 Matheson Street, Causeway Bay,
  Hong Kong

- **Email**: whistleblower@zhongchangintl.hk

The Audit Committee held two committee meetings during the Reporting Period and the record of attendance of its members is as follows:

Name of member	Attendance/Number of meetings
Mr. Yip Tai Him *(Chairman)*	2/2
Mr. Liu Xin	2/2
Ms. Yu Dan	2/2

Note: The number of meetings represent the meetings held during the respective Directors' office term.

Nomination Committee

The Nomination Committee was established on 19 March 2012 and is governed by its terms of reference which was revised on 1 September 2013, which are available on the Company's website at http://www.zhongchangintl.hk and the Stock Exchange's website at http://www.hkexnews.hk.

The Nomination Committee comprised the following members: (i) Mr. Chen Zhiwei, the chairman of the Nomination Committee and an executive Director; (ii) Mr. Liew Fui Kiang, an independent non-executive Director; and (iii) Mr. Liu Xin, an independent non-executive Director.

The principal duties of the Nomination Committee include, among others, (i) to review the structure, size and composition of the Board at least annually; (ii) to identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships; (iii) to make recommendations to the Board on the appointment and reappointment of Directors of the Company; and (iv) to assess the independence of independent non-executive Directors of the Company. During FY2024 and up to the date of this report, the composition of the Nomination Committee complies with the requirements under Rule 3.27A of the Listing Rules.

During the Reporting Period, the Nomination Committee reviewed the composition and rotation of the Board and determined the policy for the nomination of Director and considered the appointment of new Director.

The Nomination Committee held one committee meeting during the Reporting Period and the record of attendance of its members is as follows:

Name of member	Attendance/Number of meeting(s)
Mr. Chen Zhiwei *(Chairman)*	1/1
Mr. Liew Fui Kiang	1/1
Mr. Liu Xin	1/1

Note: The number of meeting(s) represent the meeting(s) held during the respective Directors' office term.

The Nomination Committee adopted the following procedures and criteria for nomination of Directors:

In relation to the nomination procedures:

1. When the Board considers it necessary to appoint a new Director, the Board evaluates the balance of skills, knowledge and experience of the Board, diversity of the Board and identifies any special requirements for the vacancy (e.g. independence status in the case of an independent non-executive Director).

2. Prepare a description of the role and capabilities required for the particular vacancy.

3. Identify a list of candidates through personal contacts/recommendations by Board members, senior management, business partners or investors.

4. Arrange interview(s) with each candidate for the Board to evaluate whether he/she meets the established written criteria for nomination of Directors. One or more members of the Board will attend the interview.

5. Conduct verification of information provided by the candidate.

6. Make recommendations to the Board on the appointment or re-appointment of Directors.

In relation to the nomination criteria:

1. Common Criteria for all Directors:

   (a) Character and integrity

   (b) The willingness to assume Board fiduciary responsibility

   (c) Present needs of the Board for particular experience or expertise and whether the candidate would satisfy those needs

(d) Relevant experience, including experience at the strategy/policy setting level, high level managerial experience in a complex organisation, industry experience and familiarity with the products and processes used by the Company

(e) Significant business or public experience relevant and beneficial to the Board and the Company

(f) Breadth of knowledge about issues affecting the Company

(g) Ability to objectively analyse complex business problems and exercise sound business judgment

(h) Ability and willingness to contribute special competencies to Board activities

(i) Fit with the Company's culture

2. Criteria applicable to non-executive Directors/independent non-executive Directors:

   (a) Willingness and ability to make a sufficient time commitment to the affairs of the Company in order to effectively perform the duties of a Director, including attendance at and active participation in Board and Board Committee meetings

   (b) Accomplishments of the candidate in his/her field

   (c) Outstanding professional and personal reputation

   (d) The candidate's ability to meet the independence criteria for Directors established in the Listing Rules

BOARD DIVERSITY

The Company has adopted a Board Diversity Policy since September 2013 which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, gender, age and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Board will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time. Pursuant to Rule 13.92 of the Listing Rules, the diversity of Board members can be achieved through consideration of a number of factors (including but not limited to gender, age, cultural and educational background, or professional experience). During the Reporting Period and up to the date of this report, the Company has a gender-diversed board and has considered the diversity of factors as mentioned above including professional background and skills of the Board. During the Reporting Period and up to the date of this report, the ratios of male-to-female Board members is 6:3 representing 66.7% of Male and 33.3% of female and the current Board which fulfilled the numerical target of at least 1 female in the Board. Furthermore, the age of the Board members ranged between 40s and 60s with diversed experiences, including investments, accounting, and consumer and retail industries. The Board considers that it has met the measureable objectives and diversity under the Board Diversity Policy during the Reporting Period and up to the date of this report.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The consolidated financial statements for the Reporting Period were audited by Ernst & Young, whose term of office will expire upon the forthcoming AGM of the Company.

The reporting responsibilities of Ernst & Young are stated in the Independent Auditor's Report on pages 62 to 66 of the annual report.

The amount of fees charged by the auditor generally depends on the scope and volume of the auditor's work. For the Reporting Period, the remuneration charged to the Group was HK$1.05 million for statutory audit services and no remuneration was charged for non-audit services.

Ernst & Young is appointed as the external auditor of the Company upon the recommendation of the Audit Committee. During the past 3 years including the Reporting Period, there has been no change of auditor of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The management has overall responsibility to maintain appropriate and effective risk management and internal control systems, and the Board has the responsibility to review and monitor the effectiveness of the Group's risk management and internal control systems at least annually covering material controls, including financial, operational and compliance controls, to ensure that the systems in place are adequate and effective. The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company does not have an internal audit department to carry out the internal audit function during the Reporting Period. The Company has conducted an annual review on whether there is a need for an internal audit department. Given the Group's corporate and operational structure, as opposed to diverting resources to establish a separate internal audit department, the Board, supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness.

Regarding the internal control system, the Company has adopted a set of internal control policies and procedures (including but not limited to retaining China Resources Property Management Limited as property manager of the core investment properties in Hong Kong) to safeguard the Group's assets, to ensure proper maintenance of accounting records and reliability of financial reporting, and to ensure compliance with relevant legislation and regulations.

A report of the risk management and internal control systems (the "**IC Report**") was submitted to the Audit Committee, and to the Board with recommendations from the Audit Committee for approval.

Directors and senior management are responsible for monitoring the performance of business operating units, identifying the operational risk of the Group and reporting to the Audit Committee for any significant risk identified.

The IC Report will report on the weakness in the Group's internal control and accounting procedure (if any) which have come to their attention during the course of their review. For the FY2024, the IC Report did not reveal any critical internal control issues have been identified.

Each year, the Audit Committee reviews the findings of the IC Report in respect of issues in the course of review, which often cover issues relating to internal control. The Audit Committee also reviews the internal control report regarding the risks of the Group. The Audit Committee would also review the effectiveness of the internal control and risk management systems of the Group, including financial, operational and compliance, in the key activities of the Company's business, having considered the findings of the external auditor and the internal control report. The Audit Committee will then review the actions performed or the plans to be carried out by the management in addressing the issues including but not limited to material internal control defects and risks identified. The issues identified and the corresponding remedial plans and recommendations are then submitted to the Board for consideration. The Board would direct the management to implement the plans as appropriate.

The Board conducts a review of the effectiveness of the Group's risk management and internal control system at least annually. During the Reporting Period, in the Audit Committee meeting and Board meeting held in 2024, the Directors, through the Audit Committee, have reviewed the effectiveness of the Group's risk management and internal control system which covers review on all material controls including financial, operational and compliance controls and the relevant report, and other duties under the Code for the Reporting Period, so as to ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting functions. The Board considers such systems as effective and adequate.

Regarding the handling and dissemination of inside information, to ensure the truthfulness, accuracy, completeness and timeliness of its public disclosures and the preservation of confidential information, certain measures have been taken from time to time, which include:

1. the access of inside information is restricted to a limited number of employees on a need-to-know basis, who are fully aware of their obligations to preserve confidentiality; and

2. the executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

COMPANY SECRETARY

Mr. Chow Hok Lim, the Company Secretary appointed by the Board and an employee of the Company, possesses the necessary qualification and experience, and is capable of performing of the functions of the Company Secretary. Mr. Chow Hok Lim has taken not less than 15 hours of relevant professional training in each financial year as required under Rule 3.29 of the Listing Rules.

INVESTORS' RELATIONS AND COMMUNICATION WITH SHAREHOLDERS AND STAKEHOLDERS

The Board shall maintain an on-going dialogue with Shareholders, investors and other stakeholders of the Company and shall ensure effective and timely dissemination of information to Shareholders and encourage their participation at general meetings of the Company.

The Shareholders' Communication Policy adopted on 19 March 2012 is available on the Company's website at http://www.zhongchangintl.hk. The communication channels of the Company include the AGM, special general meeting, the annual and interim reports, notices, announcements and circulars, the Company's website at http://www.zhongchangintl.hk and the website of the Stock Exchange at http://www.hkexnews.hk and meetings with investors and analysts.

The Company's AGM is a valuable forum for the Board to communicate directly with Shareholders. Most Directors actively participates at the AGM and answer questions from Shareholders. The general meetings of the Company are also a channel to solicit and understand the views of its Shareholders. The chairman of the Audit Committee, Remuneration Committee and Nomination Committee or in their absence, another member of the respective committees or failing that their respective duly appointed delegate, are also available to answer questions at the AGM. The chairman of any independent board committee formed as necessary or pursuant to the Listing Rules (or if no such chairman is appointed, at least a member of the independent board committee) will also be available to answer questions at any general meeting of Shareholders to approve a connected transaction or any other transaction that is subject to independent Shareholders' approval.

During the Reporting Period, the 2023 AGM was held on 21 June 2024. The attendance records of the Directors at the general meeting are set out in the section headed "The Board" of this report.

For enquiries to the Company, shareholders or stakeholders of the Company may send written enquiries to the Company, to the attention of Company Secretary, by email: info@zhongchangintl.hk. Shareholders and stakeholders of the Company shall note that verbal or anonymous enquiries are generally not entertained.

Furthermore, to maintain a dialogue with the Company's Shareholders and stakeholders, Shareholders and stakeholders may at any time send their enquiries and concerns to the Board in writing to the Company's principal place of business in Hong Kong at Suite 1711, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

Having considered the above, the Board considers the current investors' relation and communication with shareholders and stakeholders to be adequate and effective.

DIVIDEND POLICY

The Company has adopted the dividend policy (the "**Dividend Policy**") which has set out the principle and procedures for the payment of dividend to Shareholders to provide stable and sustainable returns to the Shareholders and to share the profits of the Company with the Shareholders. The Board may decide from time to time to declare interim dividends or to recommend the payment of final dividends and special dividends to the Shareholders.

The dividend amount shall be determined at the absolute discretion of the Board taking into account the following factors including but not limited to (1) the Group's financial performance; (2) the liquidity position and capital requirements of the Group; and (3) any other factors that the Board may consider appropriate, if profitable and without affecting the normal operations of the Group. As disclosed in this report, the Board did not recommend the declaration of final dividend for FY2024.

SHAREHOLDERS' RIGHTS

All resolutions put forward at Shareholders' meeting of listed issuers shall be voted by poll pursuant to the Listing Rules. Furthermore, to safeguard Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. The poll voting results will be posted on the websites of the Stock Exchange at http://www.hkexnews.hk and of the Company at http://www.zhongchangintl.hk after each Shareholders' meeting.

Convening a Special General Meeting by Shareholders

Pursuant to bye-law 58 of the bye-laws of the Company, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. The Shareholder(s) shall make a written requisition to the Board or the Company Secretary at the principal place of business of the Company, specifying the shareholding information of the Shareholder(s), his/her contact details and the proposal regarding any specified transaction/business and its supporting documents.

The Board shall arrange to hold such general meeting within two months after the deposit of such written requisition. If within twenty-one days of the deposit of such written requisition, the Board fails to proceed to convene such special general meeting, the Shareholder(s) may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda (the "**Companies Act**"). Pursuant to bye-law 59 of the bye-laws of the Company, the Company shall serve requisite notice of the general meeting, specifying the time, place of meeting and the general nature of the business.

Put Forward Proposals at a General Meeting by Shareholders

Pursuant to the Companies Act, either any number of the registered Shareholders holding not less than one-twentieth (5%) of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, or not less than 100 of such registered Shareholders, can request the Company in writing to (a) give to Shareholders entitled to receive notice of the next AGM notice of such resolution; and (b) circulate to Shareholders entitled to receive notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in such proposed resolution or the business to be dealt with at that meeting.

The requisition signed by all the requisitionists may consist of several documents in like form, each signed by one or more of the requisitionists; and it must be deposited at the registered office the Company at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its Hong Kong principal office at Suite 1711, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, for the attention of the Company Secretary, with a sum reasonably sufficient to meet the Company's relevant expenses, not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition. Provided that if an AGM is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required by the Companies Act shall be deemed to have been properly deposited for the purposes thereof.

For enquiries to the Company, the Company will not normally entertain verbal or anonymous enquiries. Shareholders or stakeholders may send written enquiries to the Company, for the attention of Company Secretary, by email: info@zhongchangintl.hk.

Amendments to the Company's Bye-Laws

During the Reporting Period, there was no change to the bye-laws of the Company.

ESG Report Publication

The Company published its ESG report at the same time as the publication of the annual report. For details, please refer to the Environmental, Social and Governance Report in this annual report.

ABOUT THIS REPORT

The Group acts as an investment holding company and the principal activities are property investments and leasing.

The Group is hereby pleased to present its Environmental, Social and Governance ("**ESG**") report ("**ESG Report**") for the Reporting Period. With the ESG Report, it is hoped that stakeholders can have a more comprehensive understanding of the Group's policies, measures and performances in various environmental and social aspects. As for the information on corporate governance, please refer to the "Corporate Governance Report" on pages 26 to 39 of this annual report.

Scope of the ESG Report

The scope of the ESG Report covers the Group's principal business in property leasing. The environmental Key Performance Indicators ("**KPI**"), for which the reporting scope in 2024 has changed compared to 2023, are disclosed in the ESG Report and are based on the performance of the Hong Kong head office, considering their materiality to the business operations.

Reporting Framework

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix C2 of the Rules Governing the Listing of Securities (the "**Listing Rules**") issued by the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and complies with the "mandatory disclosure requirements" and "comply or explain" provisions therein.

(i) Materiality

The Group has determined the content of the ESG Report based on the results of the stakeholder engagement and materiality assessment as set out in the Stakeholder Engagement and Materiality Assessment and has covered the key ESG issues of concern to stakeholders.

(ii) Quantitative

The environmental and social KPIs have been disclosed in the ESG report. The criteria, methodology and references used to calculate the KPIs are set out in the ESG report to provide stakeholders with a comprehensive understanding of the Group's ESG performance.

(iii) Consistency

The Group uses consistent reporting and calculation methods as far as reasonably practicable and details significant changes in data or methods in the corresponding chapters to achieve comparability of ESG performance.

Feedbacks and Contact

The Group values your feedback on the ESG Report and our sustainability performance. Should you have any advice, please feel free to send us your comments to the Group's principal place of business in Hong Kong at Suite 1711, Tower 2, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong or at info@zhongchangintl.hk.

OUR APPROACH TO ESG

The Group believes that well-established ESG principles and practices may increase investment values and provide long-term returns to stakeholders. We value the opinions of the stakeholders and review our level of sustainability to identify areas of improvement for environmental and social performance to look for areas of improvement.

Board Statement

The Board is responsible for the oversight of the Group's ESG-related issues, including performance, measures, laws and regulations. To aid the Board in doing so, the Audit Committee was assigned to directly monitor the execution of ESG-related actions and review the content and quality of the ESG report annually. An independent ESG consulting firm was appointed to carry out the instructions given by the Board and the Audit Committee regarding ESG issues.

The Board understands that it is essential to set ESG approach and strategy according to the importance of ESG issues towards the Group and its stakeholders, therefore has assigned the ESG consulting firm to conduct materiality assessment on ESG issues. To identify the material issues, stakeholder surveys have been carried out, and industry-specific issues were considered by using materiality maps together with professional advice. Directors have also participated in the engagement exercise and provided constructive opinions in determining the material ESG issues. The Board is well-informed about the results and will keep reviewing the engagement channels and exercise.

To make sure the management of ESG issues is on the right track, the Board oversees the coordination between departments according to their respective targets. The Group also shares its progress in ESG with different stakeholders, most notably through the Group's annual ESG Report.

Stakeholder Engagement

Sustainability is upheld by the Group as an opportunity to achieve corporate growth, reduce environmental impact and entrust the communities where it operates. The Group appreciates the great importance of sustainability for the stakeholders. The Group has made a substantial effort to ensure that its stakeholders' value is sustained within its business operations during the Reporting Period.

The Group understands that it is vital to incorporate stakeholders' priorities and concerns into operations to attain sustainable development and continuous improvement. Regular engagement activities are conducted with its shareholders and investors, employees, customers, suppliers, and tenants to objectively examine material areas. It also engages with the community, regulatory bodies and media, whenever necessary.

Through engagement, it allows the Board to respond to issues that concern their stakeholder groups by carrying out corresponding measures. To ensure transparency and facilitate communication with internal and external stakeholders, formal and informal engagement channels are employed within the Reporting Period.

Stakeholder groups	Material issues concerning stakeholders	Engagement channels
Government and regulators	• Compliance with national policies, law and regulation • Support for local economic growth • Contribution in local employment • Tax payment in full and on time	• Regular reporting • Regular meetings with regulators • Dedicated reports • Examination and inspection
Shareholders and investors	• Operational compliance • Corporate governance • Rise in company value • Transparency and effective communication	• General meetings • Announcements and circulars • On-site inspection • Email, telephone communication and company website • Annual and interim reports
Customers	• Outstanding products and services • Performance of contracts • Operation with integrity	• Customer service centre and hotlines • Customer survey • Meetings with customers • Customers visits
Environment	• Energy saving and emission reduction	• Implementation of environmental protection measures
Employees	• Protection of rights • Remunerations and benefits	• Meetings with employees • Employee mailbox • Notice boards • Training and workshop • Orientation session
Suppliers	• Operational compliance • Operation with integrity • Performance of contracts • Fair play	• Business communications • Exchange and discussion
Tenants/licensees[1]	• Outstanding services • Building safety and security • Performance of contracts • Operation with integrity	• Business communications
Community and the public	• Transparency	• Company website

1 Tenants refer to the occupier(s) of the premises and/or utilities.

Materiality Assessment

Given the relevance and validity of this ESG report with the Group's environmental and social performance, the Group has conducted a materiality assessment to identify ESG issues that are material to the business of the Group and its stakeholders. We have conducted an internal stakeholder survey in order to rate and prioritise the ESG issues according to the level of concern of stakeholders. With professional advice from the ESG consulting firm, we have also taken key ESG issues of concern to the industry into consideration by referring to the materiality maps provided by well-known external institutions. As a result, we have identified 10 material issues which are discussed in detail in the ESG Report.

Aspects	Material issues
Environmental	Environmental compliance Energy consumption Green office
Employment and Labor Practices	Employment compliance Occupational health and safety Training and education Remuneration and benefits
Operating Practices	Operational compliance Customer privacy protection Anti-corruption

OPERATING PRACTICES

Effective management of environmental, social and economic performance throughout the daily operation is considered as the core value of the Group. The Group displays commitment towards sustainable development by maintaining a close relationship with its suppliers and ensuring meticulous standards for its operation and business conduct.

Supply Chain Management

The Group values the partnership with suppliers and aims to collectively promote sustainable development. The Group is devoted to enhancing operations throughout its supply chains by maximising operational efficiency and minimising ESG risks.

Due to the nature of the Group's principal business in property leasing, it has no significant suppliers. The Group requires merely utilities and general daily supplies such as electricity, water and stationery for its administrative operations. The Group evaluates suppliers' product quality, delivery, compliance and other factors during the supplier selection process. For existing suppliers, regular evaluations are conducted and suppliers that do not meet the standards for cooperation are eliminated.

Environmental and social risks along the supply chain are also a key concern of the Group. The Group assigns specific personnel to check for the latest developments in local supply chain-related policies and identify the potential environmental and social risks. When selecting suppliers, priority is always given to those with more outstanding environmental and social performance regarding aspects such as energy conservation, occupational safety, supply chain management and anti-corruption. Suppliers having relevant certification or international recognition are usually more highly valued, while on the contrary, those involved in major corruption or safety incidents are always downgraded.

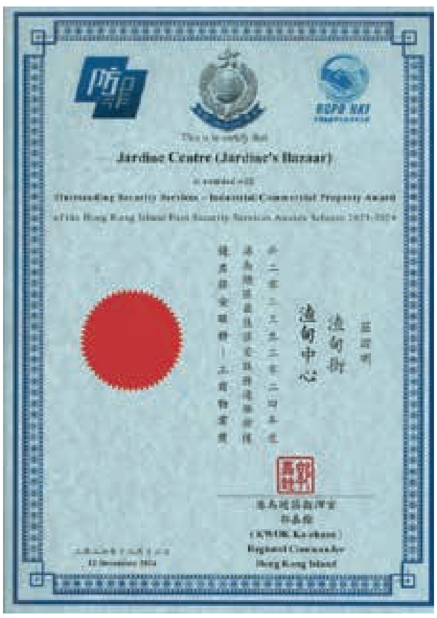
Besides, the Group fosters sustainability in the office by implementing green procurement and encouraging the use of eco-friendly products. We use and give priority to eco-friendly products, such as those with water or energy efficiency labels, using fewer packaging materials, having a longer shelf life or being made of recyclable materials.

In our business properties, we commit to maintaining a well-managed supply chain. We have commissioned China Resources Property Management Limited ("**China Resources**") as the building manager, with standard terms and conditions of purchase order/job order issued which require contractors/suppliers to fully abide by all relevant laws and regulations and obtain all required approvals/licenses from relevant government departments. The contractors/suppliers are required to strictly follow the environmental guidelines to employ measures that generate minimal environmental and noise pollution when providing services. We also issue safety management guidelines to require the contractors/suppliers to provide a safe working environment and sufficient training, information and supervision to their employees.

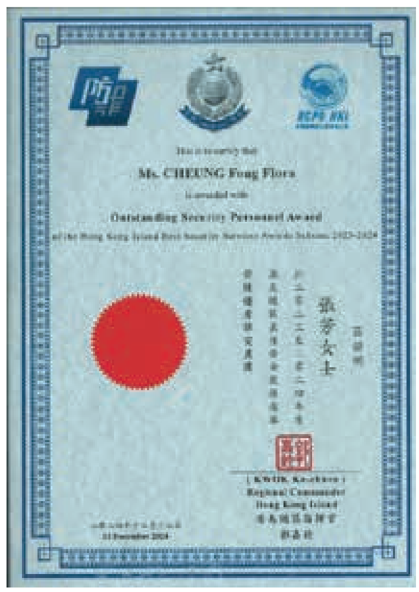
Service Quality and Customer Health and Safety

Operational excellence is one of the main targets of the Group. The Group achieves responsible operation through the maintenance of quality products and services and the assurance of the health and safety of the customers and tenants. Different policies and measures for controlling and improving service quality and customer health and safety have been adopted in the Group's property leasing businesses. Because of the business nature of the Group, it is not involved in any matters related to advertising, product labelling or product recall.

In our business properties, we have appointed China Resources, a reputable property services company, to manage the building. To ensure the health and safety of our customers, China Resources regularly inspects the lifts as well as the fire service systems and equipment. Regarding service quality, the Group always ensures minimal disruption and impact on the business operation of our tenants. Therefore, China Resources maintains a steady supply of electricity and water by inspecting the electricity system and pumping and drainage system regularly. Other systems, including the air conditioning system, lighting system and fragrance dispensing system, are also under strict control. For security, our business properties were awarded the Outstanding Security Services – Industrial/Commercial Property Award 2023-2024. The security guard, Ms. Cheung Fong Flora, was also awarded the Outstanding Security Personnel Award 2023-2024. The two awards reflect the high quality of security and property management services, which provide solid protection for the health and safety of our clients.



Outstanding Security Services – Industrial/Commercial Property Award 2023-2024



Outstanding Security Personnel Award 2023-2024

The Group values the opinions and complaints received from our customers. We continuously manage and track the opinions given by customers in any of the businesses. When complaints related to service quality are received, the staff in charge will handle them immediately and the staff from different departments will work together for follow-up actions, including independent investigation on the causes of the issues. We aim to minimise the impact or inconvenience of our customers. During the Reporting Period, no complaints were received in our business properties, which were all handled according to the procedure mentioned above.

Protection of Privacy and Intellectual Property Rights

The Group strives to protect all customers' and employees' information and eliminate unnecessary data security risks by complying with relevant laws and regulations, such as the Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong.

The Group collects personal information legally, with all the usage of the information being limited by contracts. Data are stored in protected servers under robust information technology controls and security infrastructure. Strict control is also imposed with regard to access to confidential or proprietary information provided by clients, suppliers, employers and employees that authorisation is required for having access to the information.

The Group also values intellectual property rights and hence implemented the intellectual property management system. It requires the Group to obtain proper authorisation and licensing agreements and adhere strictly to the terms of use before any utilisation of intellectual property. In protecting respective intellectual properties, all computers at the head office in Hong Kong are equipped with individual formal licenses.

Anti-Corruption

The Group operates with the highest standards of business integrity and ethical standards and strives to establish a positive atmosphere of operation with integrity by adopting a number of measures. With proper management and strict control of employees' business conduct, the Group had no reported or prosecuted case of bribery, extortion, fraud or money laundering during the Reporting Period.

The Group implements the Employee Code of Conduct which was developed with reference to the Prevention of Bribery Ordinance (Cap.201) and other relevant anti-corruption regulations. The code of conduct requires strict abidance from employees and specifies that except gifts or favours of a token nature which are considered acceptable, under no other circumstances should employees offer, solicit or accept anything of material value from any parties unless consent has been given by the Group. The Group has provided effective whistle-blowing channels for reporting on suspected corruption, theft, fraud and embezzlement cases. Besides, the Board strictly follows the Model Code and guarantees that all interested dealings are conducted in compliance with the code. During the Reporting Period, the Group provided training for directors and senior management boards in Hong Kong on their respective roles and responsibilities in corruption prevention.

The Group operates a whistleblowing policy in order to encourage and assist employees of the Group or third parties to raise concerns relevant to misconduct, malpractices or irregularities through a confidential reporting channel without the fear of recrimination. Any cases are referred to the Audit Committee, which will review the complaints and determine the appropriate mode of investigation and any subsequent corrective action. All reported cases are handled in a fair and proper manner.

In addition, the Group is committed to strengthening its internal management and further preventing disciplinary violations. Employees are encouraged to report to the Group any irregularities or violations regarding as bribery, extortion, fraud or money laundering through convenient reporting channels.

EMPLOYMENT

Recruiting and retaining engaged talents are of the essence to the sustainable growth of the Group. The Group is committed to providing a safe, healthy and productive working environment for its employees, as well as supporting their career development to unleash their greatest potential.

Recruitment and Compensation

The Group's talent acquisition, promotion, compensation and dismissal procedures are governed by the relevant laws and regulations including the Employment Ordinance (Cap. 57) of Hong Kong. During recruitment, submission of legitimate identification, education and work references, and other relevant documents are strictly required from all candidates. It guarantees that all recruits are thoroughly vetted to meet all criteria needed to fulfil relevant job duties and their identity information is verified to prevent child labour. If child labour is discovered, the Group would investigate the case thoroughly and dismiss relevant employees immediately. When an employee applies for dismissal, the Group would identify and manage issues related to employee turnover and might conduct an exit interview to better understand the reasons for leaving. During the Reporting Period, no cases of child labour were identified by the Group.

The Group offers a competitive compensation package as outlined in the employees' contracts by adhering to the Minimum Wage Ordinance (Cap. 608) of Hong Kong and the Mandatory Provident Fund Schemes Ordinance (Cap. 485) of Hong Kong. To optimise performance, a performance-based reward system is established. The Group conducts annual performance appraisals on employees' individual possession of attributes and job performance and salary are then adjusted annually in accordance with the result of their performance review.

Rights and Benefits

Employees of the Group are fully protected by the Employment Ordinance (Cap. 57) of Hong Kong. The job duties and working hours of employees are clearly stated in the employment contract to prevent any forms of forced labour. If forced labour is discovered, the Group would investigate the case thoroughly and dismiss relevant employees immediately. During the Reporting Period, no cases of forced labour were identified by the Group.

Besides, the Group offer paid annual leave, sick leave, maternity and paternity leave, examination leave, medical insurance, provident fund and allowances, as well as long service payments to all eligible employees. The Group sets the working hours to be a maximum of 8 hours per day or 40 hours per week. Overtime work is not encouraged by the Group but may be compensated depending on the situation.

Anti-discrimination

The Group strives to secure a discrimination-free workplace by complying with the Sex Discrimination Ordinance (Cap.480) of Hong Kong. The Group has formulated the policy on equal employment opportunities, which indicates that recruitment procedures are observed equitably and fairly, under which potential candidates and current employees are considered for recruitment, internal transfer and promotion regardless of their sex, nationality, marital status, disability and religious belief. To eliminate discrimination in the workplace, all employees are entitled to and offered the same benefits and treatment. In Hong Kong, we have also established the Guidelines on Sexual Harassment.

During the Reporting Period, no cases of material non-compliance with relevant labour-related laws and regulations were found. There were also no cases of complaints with regard to workplace discrimination or harassment.

Health and Safety

Ensuring the health and safety of our employees is the Group's priority. The Group stresses the importance of the health and safety of our employees in our daily operations by strictly conforming to the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong. We have detailed in the Employee's Handbook the guidelines for ensuring occupational health and safety and the procedures to be taken in case of accidents, injuries or fire at work. The Group is also committed to providing a healthy and safe working environment by eliminating all risks to occupational health and safety. Over the past three reporting periods, there were no work-related injuries and fatalities, hence there were no lost days due to work injury, thanks to the effort put by the Group in creating an injury-free business environment.

In our business properties, we also care about the occupational health and safety of the employees of China Resources. We require that all operations carried out by China Resources need to be in strict compliance with the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong. An occupational health and safety work procedure guideline is in place, providing occupational safety principles for potential risks, implementation and monitoring mechanisms, as well as guidelines on handling emergency incidents, such as injury, fire and chemical spills and leakage.

Training and Development

To attain sustainable business growth, providing training and development programs to employees is essential. New Director(s) are required to receive director training specifically designed for them. The training helps directors to perform their roles more effectively and improve the management of the Group. During the Reporting Period, approximately 80% of the employees of the Group were trained.

Besides, employee performance appraisals are performed periodically to allow employees to receive feedback on their performance, identify areas for and ways of improvement, as well as agree on training needs, whenever necessary. The Group recognizes and rewards employees' contributions, work performance and skills. Internal promotion is considered before external hiring to promote employee development.

COMMUNITY

The Group believes that compensating society and contributing to the common good is at the core of its intrinsic value. In addition to focusing on business development, the Group always strives to contribute to minority groups in need and protect the surrounding environment. The Group actively encourages its employees to participate in voluntary activities and render assistance to the needy.

Our business properties have been awarded the 'Gold Award' for consecutive years in recognition of our effort to reduce light pollution. The Group commits that all the external lighting of our business properties be switched off from 12 a.m. to 7 a.m. It helps to reduce the number of people who may be affected by the nuisance lighting at night.

The Group possesses a location advantage in Hong Kong as it is centred at the business and tourist hub of Hong Kong Island. Our business properties are able to attract a wide range of customers who include not only locals but also tourists. The operation of our business properties has fostered the prosperity of the city's tourism and retail industries. In the future, the Group will continue to engage with the community and demonstrate its roles as a responsible corporation.

ENVIRONMENT

Climate change has become a common topic among businesses in recent years that is likely to pose risks and threats to business operations. Although the Group's businesses of property leasing do not have significant direct impacts on the environment and natural resources, we still recognize the potential indirect impacts our operations might induce. The Group strives to build a greener future through active environmental management.

The Group follows all relevant laws and regulations in our daily operation, including but not limited to the Air Pollution Control Ordinance (Cap. 311) of Hong Kong and the Waste Disposal Ordinance (Cap. 354) of Hong Kong. Efforts have been made to advocate environmental conservation and compliance among employees, tenants and building users via the pursuit of environmental measures.

During the Reporting Period, the Group did not record any material violations regarding relevant environmental laws and regulations.

Environmental Goals and Progress

The Group is committed to maintaining transparency and tracking the progress of the various initiatives that address its goals set in the Reporting Period. The table below highlights our environmental-related goals in different areas. The Group also ensures that its environmental impacts are minimised through continuous improvement and promises to constantly monitor the progress of its goals.

Aspects	Our Goals	Section with Corresponding Measures
Emissions	Minimise greenhouse gas (“**GHG**”) emission	Energy Conservation and GHG Reduction
Waste	Proper disposal of waste to minimise the impact on the environment	Waste Reduction
Electricity	Ensure efficient use of energy	Energy Conservation and GHG Reduction
Water	Ensure efficient use of water	Water Conservation

Emissions

The Group is committed to maintaining transparency and tracking the progress of the various initiatives that address its goals set in the Reporting Period. The table below highlights our environmental-related goals in different areas. The Group also ensures that its environmental impacts are minimised through continuous improvement and promises to constantly monitor the progress of its goals.

Also, our business properties generate a relatively small amount of indoor air emissions which may affect the indoor air quality. The Group thereby pays utmost attention to enhancing the comfort level of the tenants and building users by working closely with China Resources to require all tenants to adhere to the Air Pollution Control Ordinance (Cap. 311) of Hong Kong during their daily operations.

Waste Generation

Non-hazardous waste of the Group mainly includes general domestic waste and waste paper generated from office operations. The Group only produces a small amount of hazardous waste, which are toner cartridges, from the daily operation. Both hazardous and non-hazardous waste is collected and handled by a qualified cleaning company.

Resources Usage

To support the Group's businesses and operations, resources are always consumed. Electricity is the major energy consumed by the Group as it is used frequently in offices and our business properties.

Emissions Reduction and Resources Conservation

The Group believes that energy, water, and other resource saving are significant in reducing GHG emissions and reducing waste generation during the operation. During the Reporting Period, the Group's business operation did not generate any significant air pollutants. With the Group's continuous substantial efforts and achievements in green management, our business properties were recognized by the Environmental Campaign Committee as the Hong Kong Green Organisation.

Energy Conservation and GHG Reduction

The Group has adopted a number of measures for maximising energy efficiency and preventing wastage. For instance, the Group encourages all employees to switch off unnecessary lights and air-conditioning. The Group maximises the use of natural light in offices and cleans all the light fixtures and air conditioners regularly to maintain high energy efficiency. Under high temperatures and on Friday, employees in some of our offices are not required to wear suits to reduce the demand for air-conditioning. We also set the minimum temperature of the air-conditioning at around 26º C to reduce energy use.

Our business properties also concern about the use of energy in the common area of the building. The building was built and operated in accordance with the Buildings Energy Efficiency Ordinance (Cap. 610) and we constantly improve the building's energy efficiency performance and introduce energy conservation opportunities. During the Reporting Period, we continued to cooperate with China Resources to join the Energywise organised by the Hong Kong Awards for Environmental Excellence and our business properties were awarded the Energywise Certificate on energy saving for our effort in energy conservation. Our business properties continue supporting the Charter on External Lighting launched by the Government of the HKSAR and have pledged to switch off all lighting installations from 12 a.m. to 7 a.m. to cut energy consumption and hence GHG emissions. Our business properties were awarded the Gold Award for their efforts in cutting down the use of external lighting during the Reporting Period.

Water Conservation

To reduce water consumption, the Group has adopted various measures. For example, the Group has posted signs on each toilet to remind its employees to close the faucets after usage and conserve water. Our business properties strengthen the maintenance of water equipment and regularly inspect and replace ageing faucets to minimise water leakage. Tenants are also encouraged to cut down on their water usage in the common area such as toilets. During the Reporting Period, the Group has no issue in sourcing water that is fit for purpose.

Waste Reduction

With the business principally operating in offices, green office practices are crucial in reducing waste generation and conserving resources. The Group encourages employees to reuse stationery such as envelopes and folders to reduce possible waste. We also purchase reusable, recyclable and refillable products such as refillable pens and reusable toner cartridges to replace those disposable ones in our offices.

Our business properties work closely with China Resources for waste management. Measures to reduce the amount of waste were adopted, including waste avoidance and reduction by-product reuse, collecting and recycling recyclable materials and purchase of recycled materials during product procurement. For the building users, recycling bins have been stationed to encourage recycling. Tenants are also encouraged to voluntarily participate in the Food Waste Recycling Partnership Scheme organised by the Environmental Protection Department. Other wastes such as waste cooking oil and construction waste generated by the tenants are required to be handled under strict compliance with relevant laws and regulations.

Climate Change

Recognising the importance of identifying and managing the risks associated with climate change, the Group has taken different measures to assess and mitigate the risks. The Group has identified different physical risks, such as the increase in extreme weather events and changes in precipitation patterns which could pose threats to the business and its financial performance, such as the increase in insurance premiums. Besides, climate change may pose various transitional risks, such as shifts in consumer preferences, an increase in stakeholder concern and legal risks. With increased emissions reporting obligations, the Group's operating costs may increase. The Group is also more likely to be exposed to litigation over increased climate-related compliance obligations.

To mitigate climate-related risks, the Group reviews policies and regulations to identify potential climate-related risks and reserves capital for emergency use in case of extreme weather events. Due to its business nature, the Group focuses on property safety by maintaining comprehensive insurance coverage for properties that are prone to damage by extreme weather or other physical impacts caused by climate change. During extreme weather conditions or events, a safety warning will be issued and special working arrangements will be put in place to ensure the safety of employees and workplaces.

KEY PERFORMANCE INDICATORS

Environmental Indicators	2024	2023
Air Pollutants (Note (i))		
Nitrogen oxides (kg)	0.00	0.00
Sulphur dioxide (kg)	0.00	0.00
Particulate matter (kg)	0.00	0.00
Greenhouse Gases		
Total GHG emissions (tonnes CO_2e) (Note (ii))	6.09	143.15
Scope 1: Direct emissions (Note(iii))	0.00	2.18
Scope 2: Energy indirect emissions (Note(iv))	6.09	127.85
Scope 3: Other indirect emissions (Note(v))	0.00	13.13
Emissions per million HKD of revenue (tonnes CO_2e)	0.18	4.24
Waste		
Total amount of non-hazardous waste (tonnes) (Note(vi))	1.44	2.31
Amount of non-hazardous waste per million HKD of revenue (tonnes)	0.04	0.07
Total amount of hazardous waste (kg) (Note(vii))	0.00	11.00
Amount of hazardous waste per million HKD of revenue (kg)	0.00	0.33
Use of Resources		
Total energy consumption (MWh)	9.22	196.92
Direct energy consumption (Note(viii))	0.00	8.92
Indirect energy consumption (Note(ix))	9.22	188.01
Energy consumption per million HKD of revenue (MWh)	0.28	5.83
Total water consumption (m^3) (Note(x))	N/A	N/A
Water consumption per million HKD of revenue (m^3)	N/A	N/A

Note:

(i) During the Reporting Period, the Group did not have vehicle usage. As a result, there was no generation of air pollutants.

(ii) The calculation of carbon emissions is based on Appendix C2 "Reporting Guidance on Environmental KPIs" ("**Appendix C2**") issued by the HKEX. The Group inventory includes carbon dioxide, methane and nitrous oxide. For ease of reading and understanding, the greenhouse gas emissions data is presented in carbon dioxide equivalent (CO_2e).

(iii) During the Reporting Period, the Group did not use any fossil fuels for the emergency generators, so the scope 1 emissions were not accounted.

(iv) Scope 2 does not include the emissions from Jardine Centre, but only include the emissions from the electricity purchased by the HK office. The calculation is based on the emission factor provided by the Hong Kong Electric Company.

(v) During the Reporting Period, paper landfilling and water treatment were not accounted in this year's reporting scope, so there were no scope 3 emissions.

(vi) Emissions data relating to non-hazardous waste is based on the daily estimated volume of general waste in the office and the volume-to-weight conversion factors provided by the United States Environmental Protection Agency.

(vii) During the Reporting Period, the Group did not generate any hazardous waste, so there was no hazardous waste.

(viii) During the Reporting Period, the Group did not use emergency generators,so there was no direct energy consumption.

(ix) During the Reporting Period, indirect energy consumption does not include the emissions from Jardine Centre, but only includes the emissions from the electricity purchased by the HK office.

(x) Water consumption at the head office in Hong Kong is not available because it shares a lavatory with other tenants within the commercial building.

Social Indicators	2024	2023
Total Workforce		
By gender		
Male	3	3
Female	2	5
By employment type		
Full-time	5	8
Part-time	0	0
By age		
<30	0	0
30-50	2	5
>50	3	3
By geographical region		
The RPC	0	0
Hong Kong	5	8
Employee Turnover Rate (%) (Note (vii))		
By gender		
Male	0	0
Female	85.70	0
By age		
<30	0	0
30-50	86.00	0
>50	0	0
By geographical region		
The RPC	0	0
Hong Kong	46.00	0
Average Training Hours (hours) and Percentage of Employees Trained (%) (Note (vii))		
By gender		
Male	15.00(100)	15.00(100)
Female	6.00(50)	6.00(40)
By employment category		
Senior	15.00(100)	15.00(100)
Middle	7.00(67)	15.00(100)
Junior	0.00(0)	0.00(0)

Note:

(vii) The calculation of employee turnover rate and percentage of employees trained are based on Appendix 3 “Reporting Guidance on Social KPIs” issued by the Stock Exchange of Hong Kong.

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment – Emissions, Waste Generation, Resources Usage	49-51
KPI A1.1	The types of emissions and respective emissions data.	Key Performance Indicators	53-54
KPI A1.2	Direct and energy indirect greenhouse gas emissions in total and intensity.	Key Performance Indicators	53-54
KPI A1.3	Total hazardous waste produced and intensity.	Key Performance Indicators	53-54
KPI A1.4	Total non-hazardous waste produced and intensity.	Key Performance Indicators	53-54
KPI A1.5	Description of emissions target set and steps taken to achieve them.	Environment – Environmental Goals and Progress, Emissions Reduction and Resources Conservation	50-51
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target set and steps taken to achieve them.	Environment – Environmental Goals and Progress, Waste Generation, Emissions Reduction and Resources Conservation	50-51

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment – Resources Usage	51
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Key Performance Indicators	53-54
KPI A2.2	Water consumption in total and intensity.	N/A	The Group does not have access to water consumption data managed by the property department.
KPI A2.3	Description of energy use efficiency target set and steps taken to achieve them.	Environment – Environmental Goals and Progress, Emissions Reduction and Resource Conservation	50-51
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target set and steps taken to achieve them.	Environment – Environmental Goals and Progress, Emissions Reduction and Resource Conservation	50-51
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	N/A	The Group's business does not involve the use of packaging materials.
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment – Emissions Reduction and Resource Conservation	50-51
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment – Emissions Reduction and Resource Conservation	50-51
Aspect A4: Climate Change			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environment – Climate Change	52
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environment – Climate Change	52

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
B. Social			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment – Recruitment and Compensation, Rights and Benefits, Anti-Discrimination	47
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Key Performance Indicators	55
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Indicators	55
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employment – Recruitment and Compensation, Health and Safety	47-48
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employment – Health and Safety	48
KPI B2.2	Lost days due to work injury.	Employment – Health and Safety	48
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Employment – Health and Safety	48

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment – Training and Development	48
KPI B3.1	The percentage of employees trained by gender and employee category.	Employment – Training and Development Key Performance Indicators	48,55
KPI B3.2	The average training hours completed per employee by gender and employee category.	Key Performance Indicators	55
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment – Recruitment and Compensation, Rights and Benefits	47
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment – Recruitment and Compensation, Rights and Benefits	47
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered.	Employment – Recruitment and Compensation, Rights and Benefits	47

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Operating Practices – Supply Chain Management	44
KPI B5.1	Number of suppliers by geographical region.	Operating Practices – Supply Chain Management	44
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Operating Practices – Supply Chain Management	44
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating Practices – Supply Chain Management	44
KPI B5.4	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating Practices – Supply Chain Management	44
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices – Service Quality and Customer Health and Safety	45
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	The Group's business does not involve in product recall.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operating Practices – Service Quality and Customer Health and Safety	45
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating Practices – Protection of Privacy and Intellectual Property Right	45

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices – Service Quality and Customer Health and Safety	45
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices – Protection of Privacy and Intellectual Property Right	46
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering	Operating Practice – Anti-Corruption	46
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Operating Practice – Anti-Corruption	46
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operating Practice – Anti-Corruption	46
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Operating Practice – Anti-Corruption	46
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community	49
KPI B8.1	Focus areas of contribution.	Community	49
KPI B8.2	Resources contributed to the focus area.	N/A	The Group's community investment did not involve in resource contribution.

TO THE SHAREHOLDERS OF
ZHONGCHANG INTERNATIONAL HOLDINGS GROUP LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Zhongchang International Holdings Group Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 67 to 135, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Properties	
The Group owns investment properties in Hong Kong which were measured at fair value and their aggregate carrying amount was HK$1,582,100,000 as at 31 December 2024, which represented 98.76% and 203.70% of the Group's total assets and net assets, respectively. The Group has engaged an external valuer to perform the valuation of these properties as at 31 December 2024. Significant judgement is required to determine the fair values of the investment properties, which reflects market conditions as at the end of the reporting period. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Accordingly, the valuation of investment properties is considered as a key audit matter. The accounting policies and disclosures of the investment properties are included in Notes 2, 3 and 16 to the consolidated financial statements	Our audit procedures included, among others, the following: 1) We evaluated the competency, capabilities, independence and objectivity of the external valuer. 2) We ascertained the valuation approach and key assumptions used by the external valuer and assessed the correctness of the property related data used as inputs for the valuation. 3) We involved our internal valuation experts to assist us in evaluating the valuation techniques, the underlying assumptions and the source data used in the valuation by benchmarking them to relevant market information on a sample basis. 4) We evaluated the disclosures on the valuation of the investment properties.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, 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.

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 scepticism throughout the audit. We also:

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is M.L. Chau.

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

28 March 2025

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
Revenue	5	**32,638**	33,778
Other income	6	**1,251**	3,326
Net loss in fair value of investment properties	16	**(149,451)**	(50,400)
Staff costs	7	**(3,119)**	(3,956)
Depreciation of property, plant and equipment	14	**(17)**	(118)
Depreciation of right-of-use assets	15	**(857)**	(857)
Impairment loss on financial assets, net	7	**(162)**	–
Other operating expenses		**(5,859)**	(7,258)
Loss from operations	7	**(125,576)**	(25,485)
Finance costs	8	**(50,510)**	(43,428)
Loss before tax		**(176,086)**	(68,913)
Income tax expense	11	**(657)**	(3,951)
Loss for the year		**(176,743)**	(72,864)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**(106)**	125
Other comprehensive income for the year, net of tax		**(106)**	125
Total comprehensive loss for the year		**(176,849)**	(72,739)
Loss for the year attributable to the owners of the Company		**(176,743)**	(72,864)
Total comprehensive loss for the year attributable to the owners of the Company		**(176,849)**	(72,739)
Loss per share attributable to ordinary equity holders of the company			
Basic and diluted			
– Loss for the year (in HK cents)	13	**(15.71)**	(6.48)

Consolidated Statement of Financial Position

31 December 2024

	Notes	31 December 2024 HK$'000	31 December 2023 HK$'000
Non-current assets			
Property, plant and equipment	14	**–**	17
Right-of-use assets	15	**642**	1,499
Investment properties	16	**1,582,100**	1,731,100
		1,582,742	1,732,616
Current assets			
Trade and other receivables, deposits and prepayments	19	**2,064**	2,974
Tax recoverables		**377**	–
Cash and cash equivalents	20	**16,738**	123,047
		19,179	126,021
Current liabilities			
Other payables, deposits and accrued expenses	21	**10,171**	11,046
Lease liabilities	15	**702**	872
Interest-bearing bank and other borrowings	22	**792,028**	870,857
Tax payable		**3,803**	3,858
		806,704	886,633
Net current liabilities		**(787,525)**	(760,612)
Total assets less current liabilities		**795,217**	972,004
Non-current liabilities			
Other payables and deposits	21	**4,607**	4,518
Lease liabilities	15	**–**	702
Deferred tax liabilities	23	**13,925**	13,250
		18,532	18,470
Net assets		**776,685**	953,534
EQUITY			
Share capital	24	**112,502**	112,502
Reserves	25	**664,183**	841,032
Total equity		**776,685**	953,534

These consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2025 and signed on its behalf by:

CHEN Zhiwei
Director

KU Ka Lee
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2024

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Special reserve HK$'000	Exchange reserve HK$'000	Contributions from shareholders# HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2023	112,502	168,300	9,628	(12,513)	233,606	5,619	509,131	1,026,273
Loss for the year	–	–	–	–	–	–	(72,864)	(72,864)
Other comprehensive income for the year, net of tax:								
Exchange difference on translating foreign operations	–	–	–	125	–	–	–	125
Total comprehensive loss for the year	–	–	–	125	–	–	(72,864)	(72,739)
At 31 December 2023 and 1 January 2024	112,502	168,300*	9,628*	(12,388)*	233,606*	5,619*	436,267*	953,534
Loss for the year	–	–	–	–	–	–	(176,743)	(176,743)
Other comprehensive income for the year, net of tax:								
Exchange difference on translating foreign operations	–	–	–	(106)	–	–	–	(106)
Total comprehensive loss for the year	–	–	–	(106)	–	–	(176,743)	(176,849)
At 31 December 2024	**112,502**	**168,300***	**9,628***	**(12,494)***	**233,606***	**5,619***	**259,524***	**776,685**

Note:

The contributions from shareholders represent the aggregation of discount on acquisition of an indirect wholly-owned subsidiary, Uptodate Management Limited ("**Uptodate**"), with the amount of approximately HK$233,606,000 from one former controlling shareholder – Mr. Ng Chun For, Henry.

* These reserve accounts comprise the consolidated reserves of HK$664,183,000 (2023: HK$841,032,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(176,086)**	(68,913)
Adjustments for:			
Depreciation of property, plant and equipment	14	**17**	118
Depreciation of right-of-use assets	15	**857**	857
Net loss in fair value of investment properties	16	**149,451**	50,400
Interest income	6	**(357)**	(1,119)
Interest expenses	8	**50,510**	43,428
Impairment loss on financial assets, net	7	**162**	–
Foreign exchange difference, net		**(64)**	152
Operating cash flows before changes in working capital		**24,490**	24,923
Decrease in trade and other receivables, deposits and prepayments		**748**	1,325
Decrease in other payables, deposits and accrued expenses		**(786)**	(1,166)
CASH GENERATED FROM OPERATIONS		**24,452**	25,082
Interest paid		**(39,339)**	(43,139)
Tax paid		**(414)**	(2,512)
NET CASH USED IN OPERATING ACTIVITIES		**(15,301)**	(20,569)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**357**	1,119
Increase in cost of an investment property	16	**(451)**	–
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		**(94)**	1,119
CASH FLOWS FROM FINANCING ACTIVITIES			
New other loan	29	**30,000**	100,000
Repayment of bank borrowings		**(120,000)**	(19,937)
Payment of lease liabilities	15	**(872)**	(806)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		**(90,872)**	79,257
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(106,267)**	59,807
Cash and cash equivalents at beginning of year		**123,047**	63,268
Effect of foreign exchange rate changes, net		**(42)**	(28)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	**16,738**	123,047
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	**16,218**	108,047
Non-pledged time deposits with original maturity of less than three months when acquired	20	**520**	15,000
Cash and cash equivalents as stated in the statement of financial position		**16,738**	123,047

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 16 December 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended).

The Company acts as an investment holding company and the principal activities of the Group are leasing of investment properties in Hong Kong.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

In the opinion of the directors of the Company (the "**Directors**", and each a "**Director**"), as at 31 December 2024, the largest shareholder of the Company is China Cinda (HK) Asset Management Co., Limited ("**China Cinda (HK)**"), a company incorporated in the Hong Kong.

Information about subsidiaries

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

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital	Percentage of equity attributable to the Company/ proportion of voting power held by the the Company		Principal activities
			Direct	Indirect	
Agile Scene Limited ("**Agile Scene**")	The British Virgin Islands ("**The BVI**")/Hong Kong	Ordinary US$1	–	100%	Investment holding
Bond Victory Limited	Hong Kong	Ordinary HK$5,000	–	100%	Property investment
Crystal City Global Limited	The BVI/Hong Kong	Ordinary US$1	–	100%	Investment holding
High Morality Limited	The BVI/Hong Kong	Ordinary US$1	–	100%	Investment holding
Joy Depot Limited	The BVI/Hong Kong	Ordinary US$1	–	100%	Investment holding
Max Act Enterprises Limited	The BVI/Hong Kong	Ordinary US$1	–	100%	Investment holding
New Treasure Group Limited	The BVI/Hong Kong	Ordinary US$1	100%	–	Investment holding
Perfect Shield Investments Limited	The BVI/Hong Kong	Ordinary US$1	–	100%	Investment holding

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital	Percentage of equity attributable to the Company/ proportion of voting power held by the the Company		Principal activities
			Direct	Indirect	
Pioneer Delight Limited	Hong Kong	Ordinary HK$2	–	100%	Property investment
Red Ribbon Group Limited	The BVI/Hong Kong	Ordinary US$1	–	100%	Investment holding
Rose City Group Limited	The BVI/Hong Kong	Ordinary US$1	–	100%	Investment holding
Sharp Wonder Investments Limited	The BVI/Hong Kong	Ordinary US$1	–	100%	Investment holding
Shenwei (Hong Kong) Limited	Hong Kong	Ordinary HK$1	–	100%	Investment holding
Smart Land Properties Limited	Hong Kong	Ordinary HK$1	–	100%	Property investment
Top Bright Properties Limited	Hong Kong	Ordinary HK$9,999 Deferred share HK$1	–	100%	Property investment
Top Grade Properties Limited	Hong Kong	Ordinary HK$1	–	100%	Property investment
Wealth Properties Limited	Hong Kong	Ordinary HK$100	–	100%	Property investment
Wingplace Investments Limited	The BVI/Hong Kong	Ordinary US$1	–	100%	Investment holding

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital	Percentage of equity attributable to the Company/ proportion of voting power held by the the Company		Principal activities
			Direct	Indirect	
Zhongchang International Holdings Management Limited	Hong Kong	Ordinary HK$1	100%	–	Provision of administration services to group companies
浙江自貿區鑫盛海洋產業投資有限公司** (Zhejiang Free Trade Zone Xinsheng Marine Industry Investments Co., Limited*)	The People's Republic of China (the "**PRC**")	Registered capital: RMB74,000,000; paid-up capital RMB74,000,000	–	100%	Investment holding
舟山銘義文化產業投資有限公司** (Zhoushan Mingyi Cultural Assets Investment Co., Limited**)	The PRC	Registered capital RMB3,000,000; paid-up capital RMB3,000,000	–	100%	Investment

* For identification purpose only.

** The company is registered as a wholly owned foreign enterprise in the PRC.

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

2. ACCOUNTING POLICIES

2.1 Basis of preparation

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

Going concern

As at 31 December 2024, the Group's total current liabilities exceeded its total current assets by approximately HK$787,525,000 (2023: HK$760,612,000). The Directors considered that the controlling shareholder of the Company has the intention to provide unconditional continuing financial support to the Company so as to enable the Company to meet its liabilities as and when they fall due. Accordingly, the Directors believe that the Group has adequate resources to continue its operations in the foreseeable future of not less than 12 months from the end of the reporting period. Therefore, they are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.3. Issued but not yet effective Hong Kong Financial Reporting Standards

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.3. Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.3. Issued but not yet effective Hong Kong Financial Reporting Standards (continued)

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies

Investment in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other case, upon loss of significant influence over the associates, the Group measures and recognises any retained investments at their fair values. Any difference between the carrying amounts of the associate upon loss of significant influence and the fair values of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Business combinations and goodwill

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

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

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Business combinations and goodwill (continued)

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

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

Fair value measurement

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Fair value measurement (continued)

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Related parties

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

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Property, plant and equipment and depreciation

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

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

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

Leasehold improvements	Over the shorter of the lease terms or 5 years
Furniture, fixtures and equipment	4-5 years

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

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

Investment properties

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Investment properties (continued)

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Buildings	3 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Investment properties (continued)

Leases (continued)

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

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

Group as a lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired; or

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include other payables, deposits and accrued expenses, interest-bearing bank and other borrowings and lease liabilities.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and interest-bearing bank and other borrowings)

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Financial liabilities (continued)

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

Provisions

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Income tax

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

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

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Income tax (continued)

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

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

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

Revenue from other sources

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Contract liabilities

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

Employee Benefits

Pension scheme

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

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

Borrowing costs

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

Events after the reporting period

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in Note 12 to the consolidated financial statements.

2. ACCOUNTING POLICIES (continued)

2.4. Material accounting policies (continued)

Foreign currencies

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

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

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

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each 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.

Fair value of investment properties

Investment properties carried at fair value, were revalued at the end of each of the reporting period based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each of the reporting period.

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalisation rates and expected profit margin. The carrying amounts of investment properties at 31 December 2024 and 2023 were HK$1,582,100,000 and HK$1,731,100,000, respectively.

Provision for expected credit losses on trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. No deferred tax assets relating to tax losses were recognised as at 31 December 2024 (2023: Nil).

The Group has tax losses of HK$80,616,000 (2023: HK$87,400,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by HK$14,492,000. Further details are contained in Note 23 to the financial statements.

4. OPERATING SEGMENT INFORMATION

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group operates in a single business, which is the leasing of investment properties in Hong Kong. Accordingly, no segmental analysis is presented.

Information about major customers

There were no customers individually contributing over 10% of the revenue for the years reported.

5. REVENUE

	2024 HK$'000	2023 HK$'000
Revenue from other sources		
Gross rental income from investment properties in Hong Kong	**32,638**	33,778

6. OTHER INCOME

	2024 HK$'000	2023 HK$'000
Bank interest income	**357**	1,119
Exchange differences	**64**	–
Sundry income	**830**	2,207
	1,251	3,326

7. LOSS BEFORE TAX

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

	2024 HK$'000	2023 HK$'000
Directors' emoluments (Note 9)	**540**	540
Other staff costs:		
Salaries and allowances	**2,434**	3,159
Retirement benefit scheme contributions	**58**	88
Other benefits in kind	**87**	169
Total staff costs	**3,119**	3,956
Bank interest income	**(357)**	(1,119)
Net loss in fair value of investment properties (Note 16)	**149,451**	50,400
Exchange difference, net	**(64)**	152
Auditors' remuneration		
– Audit services	**1,050**	1,130
Depreciation of property, plant and equipment (Note 14)	**17**	118
Depreciation of right-of-use assets (Note 15)	**857**	857
Lease payments not included in the measurement of lease liabilities (Note 15(c))	**293**	298
Impairment loss on financial assets, net	**162**	–
Gross rental income from investment properties	**(32,638)**	(33,778)
Less: Direct operating expenses from investment properties that generated rental income during the year	**2,627**	2,753
	(30,011)	(31,025)

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK$'000	2023 HK$'000
Interest on bank and other loans	**50,414**	43,264
Interest on lease liabilities (Note 15)	**96**	164
	50,510	43,428

9. DIRECTORS' EMOLUMENTS

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

	2024 HK$'000	2023 HK$'000
Fees	**540**	540

2024

	Directors' fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors:					
Mr. Chen Zhiwei	–	–	–	–	–
Ms. Ku Ka Lee	–	–	–	–	–
Ms. Huang Zhenghong (Note (a))	–	–	–	–	–
Mr. Tang Lunfei (Note (b))	–	–	–	–	–
Subtotal	–	–	–	–	–
Non-executive directors:					
Dr. Huang Qiang	–	–	–	–	–
Mr. Wong Chi Keung, Kenjie	–	–	–	–	–
Ms. Yu Dan	–	–	–	–	–
Subtotal	–	–	–	–	–
Independent non-executive directors					
Mr. Liew Fui Kiang	**180**	–	–	–	**180**
Mr. Yip Tai Him	**180**	–	–	–	**180**
Mr. Liu Xin	**180**	–	–	–	**180**
Subtotal	**540**	–	–	–	**540**
Total	**540**	–	–	–	**540**

9. DIRECTORS' EMOLUMENTS (continued)

2023

	Directors' fees HK$'000	Basic salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000	Contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors:					
Mr. Chen Zhiwei	–	–	–	–	–
Ms. Ku Ka Lee	–	–	–	–	–
Mr. Tang Lunfei	–	–	–	–	–
Subtotal	–	–	–	–	–
Non-executive directors:					
Dr. Huang Qiang	–	–	–	–	–
Mr. Wong Chi Keung, Kenjie	–	–	–	–	–
Ms. Yu Dan	–	–	–	–	–
Subtotal	–	–	–	–	–
Independent non-executive directors					
Mr. Liew Fui Kiang	180	–	–	–	180
Mr. Yip Tai Him	180	–	–	–	180
Mr. Liu Xin	180	–	–	–	180
Subtotal	540	–	–	–	540
Total	540	–	–	–	540

There was no arrangement under which a director waived or agreed to waive any emoluments in respect of the years ended 31 December 2024 and 2023 respectively.

No emoluments were paid or payable by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2024 and 2023.

Notes:

(a) Ms. Huang Zhenghong has been appointed as an executive director on 9 December 2024.

(b) Mr. Tang Lunfei has tendered his resignation as an executive director on 9 December 2024.

10. FIVE HIGHEST PAID EMPLOYEES

No Director was included in the five highest paid employees of the Group during the year ended 31 December 2024 (2023: nil), details of whose remuneration are set out in Note 9 to the consolidated financial statements. Details of the remuneration for the year of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 **HK$'000**	2023 HK$'000
Salaries, allowances and other benefits	**2,434**	2,966
Contributions to retirement benefit schemes	**58**	77
Total	**2,492**	3,043

The number of the highest paid employees who are not the Directors whose remuneration fell within the following bands is as follows:

	No. of individuals	
	2024	2023
Nil to HK$500,000	**1**	2
HK$500,001 to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	1
Total	**4**	5

No emoluments were paid or payable by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2024 and 2023. No five highest paid individuals waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

11. INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
Current tax		
Hong Kong		
– Provision for the year	**–**	3,444
– Over-provision in prior years	**(18)**	–
	(18)	3,444
The PRC		
– Provision for the year	**–**	–
– Over-provision in prior years	**–**	(153)
	–	(153)
	(18)	3,291
Deferred taxation		
– Charged to the consolidated statement of profit or loss and other comprehensive income (Note 23)	**675**	660
Total	**657**	3,951

The provision for Hong Kong Profits Tax for the year ended 31 December 2024 is calculated at 16.5% of the estimated assessable profits for the year (2023: 16.5%). The concession of 8.25% tax band under the two-tiered tax regime introduced by the Hong Kong SAR Government was taken up by an indirect wholly-owned subsidiary incorporated in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the years ended 31 December 2024 and 2023.

11. INCOME TAX EXPENSE (continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	2024		2023	
	HK$'000	**%**	HK$'000	%
Loss before tax	**(176,086)**		(68,913)	
Tax at the Hong Kong profits tax rate of 16.5% (2023: 16.5%)	**(29,054)**	**16.5**	(11,371)	16.5
Tax effect of expenses not deductible for tax purpose	**30,943**	**(17.6)**	15,304	(22.2)
Tax effect of income not taxable for tax purpose	**(58)**	**0.0**	–	–
Over provision in respect of prior years	**(18)**	**0.0**	(153)	0.2
Statutory tax concession	**(165)**	**0.1**	(165)	0.2
Tax losses and temporary differences (used)/not recognised	**(991)**	**0.6**	336	(0.5)
Tax charge at the Group's effective rate	**657**	**(0.4)**	3,951	(5.8)

12. DIVIDEND

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

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2024	2023
	HK$'000	HK$'000
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation	**(176,743)**	(72,864)

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

	Number of shares	
	2024	2023
	’000	’000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,125,027**	1,125,027

For the years ended 31 December 2024 and 2023, the diluted loss per share is the same as the basic loss per share. The Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$’000	Furniture fixtures and equipment HK$’000	Total HK$’000
COST			
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	4,763	469	5,232
ACCUMULATED DEPRECIATION			
At 1 January 2023	4,637	460	5,097
Provided for the year			
– Additions (Note 7)	110	8	118
At 31 December 2023 and 1 January 2024	4,747	468	5,215
Provided for the year			
– Additions (Note 7)	16	1	17
At 31 December 2024	4,763	469	5,232
NET CARRYING AMOUNT			
At 31 December 2024	**–**	**–**	**–**
At 31 December 2023	16	1	17

15. LEASES

The Group as lessee

The Group have lease contracts for various items of buildings used in its operations. Leases of buildings generally have lease terms of 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Buildings HK$'000
COST:	
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	6,845
ACCUMULATED DEPRECIATION:	
At 1 January 2023	4,489
Provided for the year	
– Additions (Note 7)	857
At 31 December 2023 and 1 January 2024	5,346
Provided for the year	
– Additions (Note 7)	857
At 31 December 2024	6,203
NET CARRYING AMOUNT:	
At 31 December 2024	**642**
At 31 December 2023	1,499

15. LEASES (continued)

The Group as lessee (continued)

(b) Lease liabilities

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

	2024 HK$'000	2023 HK$'000
Carrying amount at 1 January	**1,574**	2,380
Interest on lease liabilities (Note 8)	**96**	164
Lease payments	**(968)**	(970)
Carrying amount at 31 December	**702**	1,574
Analysed into:		
– Current portion	**702**	872
– Non-current portion	**–**	702
Total	**702**	1,574

The maturity analysis of lease liabilities is disclosed in Note 35 to the consolidated financial statements.

(c) The amounts recognised in the consolidated profit or loss and other comprehensive income in relation to leases are as follows:

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities (Note 8)	**96**	164
Depreciation of right-of-use assets (Note 7)	**857**	857
Expense relating to short-term leases and leases of low-value assets (included in other operating expenses) (Note 7)	**293**	298
Total amount recognised in the consolidated statement of profit or loss and other comprehensive income	**1,246**	1,319

(d) The total cash outflow for leases is disclosed in Note 29 (c) to the consolidated financial statements.

15. LEASES (continued)

The Group as lessor

The Group leases its investment properties (Note 16 to the consolidated financial statements) consisting of commercial properties in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

Rental income recognised by the Group for the year ended 31 December 2024 was HK$32,638,000 (2023: HK$33,778,000), details of which are included in Note 5 to the consolidated financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	**20,392**	25,020
After one year but within two years	**8,518**	10,817
After two years but within three years	**3,276**	3,724
After three years but within four years	**1,186**	–
Total	**33,372**	39,561

16. INVESTMENT PROPERTIES

	Completed Investment properties, in Hong Kong HK$'000
FAIR VALUE:	
At 1 January 2023	1,781,500
Loss in fair value recognised in the consolidated statement of profit or loss and other comprehensive income	(50,400)
At 31 December 2023 and 1 January 2024	1,731,100
Additions	451
Loss in fair value recognised in the consolidated statement of profit or loss and other comprehensive income	(149,451)
At 31 December 2024	**1,582,100**

The Group's investment properties consist of residential and commercial properties in Hong Kong. The Directors have determined that the investment properties consist of two classes of asset, i.e., residential and commercial, based on the nature, characteristics and risks of each property. The investment properties are leased to third parties under operating leases, further summary details of which are included in Note 15 to the consolidated financial statements.

16. INVESTMENT PROPERTIES (continued)

(a) The analysis of the carrying amount of investment properties is as follows:

	2024 HK$'000	2023 HK$'000
In Hong Kong		
– long-term leases	**1,582,100**	1,731,100

(b) Pledge of investment properties

Details of pledge of investment properties are set out in Note 31 to the consolidated financial statements.

(c) Fair value measurement of the Group's investment properties

Each year, the management of the Group decide to appoint which independent valuer to be responsible for the valuation of the Group's investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The fair value of the Group's investment properties as at 31 December 2024 and 2023 has been arrived at on the basis of a valuation carried out on the respective dates by Vincorn Consulting and Appraisal Limited, independent qualified professional valuers not connected to the Group.

The responsible valuers of Vincorn Consulting and Appraisal Limited are members of the Hong Kong Institute of Surveyors, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on i) the sales comparison approach, which involves an analysis of sales transactions of comparable properties within the neighbourhood area of the properties; and (ii) the income capitalisation approach, which involves estimating the rental incomes of the properties and capitalising them all on an appropriate rate to produce a capital value.

As at 31 December 2024 and 2023, the fair values of the investment properties were generally determined based on income capitalisation approach and by making reference to comparable rent and sales transactions of similar properties in the similar locations and conditions as available in the market to assess the market value of the investment properties.

At each financial year end, the management of the Group will (i) verify all major inputs to the independent valuation report; (ii) assess property valuations movements when compared to the prior year valuation report; and (iii) hold discussion with the independent valuer.

Changes in level 2 and 3 fair values are analysed at each reporting date by the management of the Group.

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

16. INVESTMENT PROPERTIES (continued)

(c) Fair value measurement of the Group's investment properties (continued)

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2024 and 2023 are as follows:

2024

	Level 3 **HK$'000**	**Fair values** **2024** **HK$'000**
Recurring fair value measurement for:		
Residential units located in Hong Kong	**11,600**	**11,600**
Commercial units located in Hong Kong	**1,570,500**	**1,570,500**
Total	**1,582,100**	**1,582,100**

2023

	Level 3 HK$'000	Fair values 2023 HK$'000
Recurring fair value measurement for:		
Residential units located in Hong Kong	12,100	12,100
Commercial units located in Hong Kong	1,719,000	1,719,000
Total	1,731,100	1,731,100

During the year, there were no transfers into or out of Level 3 (2023: Nil).

16. INVESTMENT PROPERTIES (continued)

(c) Fair value measurement of the Group's investment properties (continued)

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

	Fair value 2024 HK$'000	Fair value 2023 HK$'000	Valuation technique	Significant unobservable inputs	Sensitivity
Investment properties located in Hong Kong	**1,582,100**	1,731,100	Income capitalisation approach	Capitalisation rate, taking into account the capitalisation of rental, income potential, nature of property, and prevailing market condition, of 2.2% to 4.1% (31 December 2023: 1.8% to 4.0% per annum)	The higher the capitalisation rate, the lower the fair value.
				Monthly market rent, taking into account the differences in location, and individual factor, such as frontage and size, between the comparables and the property.	A significant increase in the market rent used result in significant increase in fair value, and vice versa.

The fair value of completed investment properties is determined by the income capitalisation method by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

Reversionary yield is the rate taking into account the capitalisation of rental income potential, nature of the property and prevailing market condition. Market rent per square foot is the market rent taking into account the direct comparable market transactions to the related properties.

In estimating the fair value of investment properties, the highest and best use of the investment properties is their current use.

16. INVESTMENT PROPERTIES (continued)

(c) Fair value measurement of the Group's investment properties (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Residential properties in Hong Kong HK$'000	Commercial properties in Hong Kong HK$'000	Total HK$'000
Carrying amount at 1 January 2023	12,500	1,769,000	1,781,500
Fair value changes	(400)	(50,000)	(50,400)
Carrying amount at 31 December 2023 and 1 January 2024	12,100	1,719,000	1,731,100
Additions	–	451	451
Fair value changes	(500)	(148,951)	(149,451)
Carrying amount at 31 December 2024	**11,600**	**1,570,500**	**1,582,100**

17. INVESTMENT IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE

	2024 HK$'000	2023 HK$'000
Share of net assets	**–**	–
Goodwill on acquisition	**–**	–
	–	–
Amount due from an associate	**52,384**	53,530
Allowance of credit losses (note)	**(52,384)**	(53,530)
	–	–

Note: The adjustment in the allowance for credit losses was attributable to exchange rate fluctuations.

Particulars of the Group's associate as of 31 December 2024 is as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Yitai International (BVI) Holdings Limited ("**Yitai**")	Ordinary shares	The BVI	49%	Investment holding

17. INVESTMENT IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE (continued)

On 4 February 2019, Agile Scene, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Sanshenghongye (BVI) Holdings Limited ("**Sansheng BVI**"), pursuant to which Agile Scene agreed to purchase and Sansheng BVI agreed to sell 49% equity interest in Yitai at a cash consideration of approximately RMB255,600,000 (equivalent to approximately HK$299,000,000). Yitai is an investment holding company and indirectly holds 99% beneficial equity interest in 金華銘瑞房地產開發有限公司 (Jinhua Mingrui Real Estate Development Co., Ltd.*) ("**Jinhua Mingrui**"), which is engaged in property development in Jinhua City, Zhejiang Province, the PRC. The acquisition was completed on 2 April 2019.

Yitai is considered as an associate of the Group and are accounted for using the equity method.

The following table illustrates the aggregate financial information of the Group's associate that are not individually material:

	2024 **HK$'000**	2023 HK$'000
Share of the associate's loss for the year	**–**	–
Share of the associate's other comprehensive income	**–**	–
Share of the associate's total comprehensive loss	**–**	–
Aggregate carrying amount of the Group's investments in the associate	**–**	–

The Group has discontinued the recognition of its share of losses of an associate because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. On 9 February 2023, Jinhua Mingrui entered into the bankruptcy liquidation procedure, thus no financial information was available as at 31 December 2024 and 2023.

At 31 December 2024 and 2023, amount due from an associate was HK$52,384,000 and HK$53,530,000, respectively. The amount due from an associate are unsecured, interest-free and repayable on demand. The directors of the Group considered that the recoverability of the receivables due from Yitai was remote and the expected credit loss were HK$52,384,000 and HK$53,530,000, respectively.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 **HK$'000**	2023 HK$'000
Unlisted equity investments (Note)	**–**	–

Note:

During the year ended 31 December 2019, 舟山銘泰物業管理有限公司 Zhoushan Mingtai Property Management Co., Limited* ("**Zhoushan Mingtai**"), an indirect wholly-owned subsidiary of the Group, entered into a limited partnership agreement to subscribe, as a limited partner. The investment entity is principally engaged in investment management and equity investments, Zhoushan Mingtai is a limited partner of the investment entity and does not have control nor significant influence in the operational and financing decisions of the investment entity.

As at 31 December 2024, the fair value of financial assets at fair value through profit or loss was nil (2023: nil) and no fair value gain or loss of financial assets at fair value through profit or loss was recognised in the consolidated statement of profit or loss and other comprehensive income (2023: nil).

* For identification purpose only.

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 **HK$'000**	2023 HK$'000
Rental receivables, net of allowance for credit losses (Note (i))	**84**	61
Other receivables, deposits and prepayments, net of allowance for credit losses (Note (ii))	**1,980**	2,913
Total	**2,064**	2,974

Notes:

(i) The amount represents rental receivables for leasing of investment properties.

The Group maintains a defined and restricted credit policy to assess the credit quality of each counterparty or tenant. The collection is closely monitored to minimise any credit risk associated with these rental receivables.

The ageing analysis of the Group's rental receivables is as follows:

	2024 **HK$'000**	2023 HK$'000
0 to 30 days	**23**	10
31 to 60 days	**20**	11
61 to 90 days	**21**	–
91 to 180 days	**20**	–
181 to 365 days	**–**	–
More than 365 days	**–**	40
Total	**84**	61

Rental receivables that were past due but not impaired relate to a number of independent tenants that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Notes: (continued)

(ii) The amount represents other receivables, deposits and prepayments:

	2024 HK$'000	2023 HK$'000
Prepayments	**35**	24
Deposits and other receivables	**272,377**	279,033
Prepaid tax	**14**	14
	272,426	279,071
Less: Allowance for credit losses	**(270,446)**	(276,158)
Total	**1,980**	2,913

The movements in the allowance for credit losses of other receivables, deposits and prepayments are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**276,158**	280,162
Impairment loss, net	**162**	–
Exchange realignment	**(5,874)**	(4,004)
At 31 December	**270,446**	276,158

20. CASH AND CASH EQUIVALENTS

	2024 HK$'000	2023 HK$'000
Cash and bank balances	**16,218**	108,047
Short-term time deposits	**520**	15,000
Cash and cash equivalents	**16,738**	123,047

Cash and cash equivalents comprise cash held by the Group and bank balances, short-term time deposits that earn interest at prevailing market rates ranging from 0.001% to 4.270% (2023: 0.001% to 5.037%) per annum and have original maturity of three months or less. The bank balances and short-term time deposits are deposited with creditworthy banks with no recent history of default.

At 31 December 2024, the cash and bank balances of the Group denominated in Renminbi ("**RMB**") amounted to approximately HK$4,860,000 (2023: approximately HK$4,985,000). The RMB is not freely convertible into other currencies, however, under Chinese Mainland Foreign Exchange Control Regulations and Administration of Settlement, the Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

21. OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES

	2024 HK$'000	2023 HK$'000
Rental deposits received	**9,123**	10,514
Other payables and accrued expenses	**5,440**	4,897
	14,563	15,411
Contract liabilities (Note)	**215**	153
	14,778	15,564
Analysed into:		
Non-current portion	**4,607**	4,518
Current portion	**10,171**	11,046

Note:

Details of contract liabilities are as follows:

	31 December 2024 HK$'000	31 December 2023 HK$'000	1 January 2023 HK$'000
Short-term advance payments received from tenants	**215**	153	732

Contract liabilities include short-term advance payments received from tenants, which is related to the provision of rental concession and/or advance rental payments form tenants at the end of the reporting period.

22. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate	Maturity	HK$'000	Effective interest rate	Maturity	HK$'000
Current						
Bank loans – secured	**HIBOR plus 1.25%**	**On demand**	**649,910**	HIBOR plus 1.25%-2%	On demand	770,759
Other loan – secured	**12%**	**2025**	**142,118**	12%	2024	100,098
			792,028			870,857

The carrying amount of the above bank and other borrowings are repayable as follows:

	2024 HK$'000	2023 HK$'000
On demand or within one year	**792,028**	870,857

22. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

On 31 December 2024, HSB approved the application by the Group for which HSB allowed the extension of maturity date of bank borrowings in aggregate principal amounts of approximately HK$669,810,000 to 30 June 2025 by satisfying the following conditions:

(a) Make partial principal repayment of HK$20,000,000 on or before 31 December 2024; and

(b) From 1 January 2025 to 31 March 2025, the Group is obliged to pay loan interests charged on the remaining loan principal amount.

(c) For milestone checking, the Group will:

 (i) Provide a signed provisional sale purchase agreement or issued tender documents for the dispose First Floor, Nos. 38 & 40 Jardine's Bazaar Causeway Bay, Hong Kong ("the Property") on or before 31 March 2025; or

 (ii) Make repayment from the sale proceeds of the Property or HK$11,800,000 on or before 31 March 2025 for outstanding loans' principal; and

(d) On or before 30 June 2025 reach agreement on the repayment plan of the remaining loans.

The Group has performed the repayment on 31 December 2024 in accordance with the condition (a).

As at 31 December 2024, interest payable of approximately HK$12,218,000 (2023: approximately HK$1,315,000) was included in bank and other borrowings.

The bank borrowings are secured by the Group's assets which were set out in Note 31 to the consolidated financial statements.

Details of corporate guarantees of the Group were set out in Note 37 to the consolidated financial statements.

23. DEFERRED TAX

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

2024

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK$'000	Right-of-use assets HK$'000	Total HK$'000
At 1 January 2024	13,262	248	13,510
Deferred tax charged/(credited) to the statement of profit or loss during the year (Note 11)	673	(141)	532
Gross deferred tax liabilities at 31 December 2024	13,935	107	14,042

Deferred tax assets

	Lease liabilities HK$'000
At 1 January 2024	260
Deferred tax credited to the statement of profit or loss during the year (Note 11)	(143)
Gross deferred tax assets at 31 December 2024	117

23. DEFERRED TAX (continued)

2023

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK$'000	Right-of-use assets HK$'000	Total HK$'000
At 1 January 2023	12,594	389	12,983
Deferred tax charged/(credited) to the statement of profit or loss during the year (Note 11)	668	(141)	527
Gross deferred tax liabilities at 31 December 2023	13,262	248	13,510

Deferred tax assets

	Lease liabilities HK$'000
At 1 January 2023	393
Deferred tax credited to the statement of profit or loss during the year (Note 11)	(133)
Gross deferred tax assets at 31 December 2023	260

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

	2024 HK$'000	2023 HK$'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**13,925**	13,250

At the end of the reporting period, the Group has unused tax losses of approximately HK$80,616,000 (2023: HK$87,400,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiary established in Mainland China in respect of earnings generated from 1 January 2008. At 31 December 2024, no deferred tax has been recognised for withholding taxes as the Group's subsidiaries established in Mainland China are in cumulative loss position (2023: Nil).

24. SHARE CAPITAL

	Number of shares		Amount	
	2024	2023		
	Number	Number	**2024**	2023
	'000	'000	**HK$'000**	HK$'000
Authorised:				
Ordinary of shares of HK$0.10 each				
At 1 January and 31 December	**2,000,000**	2,000,000	**200,000**	200,000
Issued and fully paid:				
At 1 January and 31 December	**1,125,027**	1,125,027	**112,502**	112,502

25. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 69 of the annual report.

Special reserve

The special reserve represents the offsetting of the share premium of the subsidiary acquired against the excess of the nominal value of that subsidiary's shares and the nominal value of the shares issued by the Company in exchange thereof under the Group reorganisation in April 2000.

Exchange reserve

Exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 2.4 to the consolidated financial statements.

Other reserve

The convertible notes equity reserve represents the equity component (conversion rights) of convertible notes issued by the Company. The convertible notes equity reserve has been reclassified to other reserve, since the convertible notes were not converted.

Contribution from shareholders

The contributions from shareholders represent the aggregation of discount on acquisitions of an indirect wholly-owned subsidiary. Uptodate with the amount of approximately HK$233,606,000 from the former controlling shareholder – Mr. Ng Chun For, Henry.

26. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following significant commitments:

	2024 **HK$'000**	2023 HK$'000
Contracted, but not provided for:		
Capital contribution to a limited partnership	**40,495**	41,381

27. SHARE-BASED PAYMENT TRANSACTIONS

The Company has adopted a share option scheme which was approved by the shareholders of the Company at the annual general meeting ("**AGM**") held on 3 September 2013 (the "**Share Option Scheme**"). The Share Option Scheme was adopted on 3 September 2013 and the life of the Share Option Scheme shall not be more than 10 years.

The primary purpose of the Share Option Scheme is to provide incentives to participants (as defined including but not limited to (a) any employees; (b) any supplier of goods or services to any member of the Group; (c) any customer of the Group; and (d) any director or independent non-executive director and/or shareholder of the Company and/or any member of the Group) who has contribution to the Group and to enable the Group to recruit and retain high caliber employees.

At the time of adoption by the Company of the Share Option Scheme, the aggregate number of shares which may be issued upon the exercise of all options to be granted by the Company under the Share Option Scheme and any other share option scheme(s) adopted by the Company must not exceed 10% of the total number of issued shares of the Company as at the date of shareholders' approval of the Share Option Scheme. The Company may refresh such limit by an ordinary resolution of its shareholders at a general meeting provided that the limit so refreshed does not exceed 10% of the then total number of issued shares of the Company as at the date(s) of the shareholders' approvals. Notwithstanding the foregoing, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company must not, in aggregate, exceed 30% of the total number of issued shares of the Company from time to time.

Unless approved by the shareholders of the Company in general meeting, the total number of shares of the Company issued and to be issued upon exercise of the options granted and to be granted (whether exercised, cancelled or outstanding) under the Share Option Scheme and any other share option scheme(s) of the Company to any eligible person in any 12-month period up to and including the date of further grant shall not exceed 1% of the total number of the Company's shares outstanding from time to time.

27. SHARE-BASED PAYMENT TRANSACTIONS (continued)

The scheme mandate limit was refreshed and renewed by an ordinary resolution passed by the shareholders at the AGM held on 24 August 2018. The total number of issued shares of the Company as at 24 August 2018 was 1,125,027,072 and thus the maximum number of Shares allowed to be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not exceed 112,502,707 shares which represented 10% of the total number of issued shares as at 24 August 2018. As at the date of this annual report, the maximum number of shares allowed to be issued under the Share Option Scheme and any other Share Option Scheme of the Company shall not exceed 112,502,707 shares, represented 10% of the total number of issued shares.

Options granted must be taken within 28 days of the date of grant or such longer or shorter period as the board of directors of the Company may think fit. An option may be exercised at any time, during a period determined and notified by the board of directors by each grantee, to the 10th anniversary of the date of grant. The exercise price is determined by the board of directors of the Company and will be at least the highest of the following:

(a) the closing price of shares at the date of grant of a share option;

(b) the average closing price of the shares for the five business days immediately preceding the date of grant; and

(c) the nominal value of a share.

At the beginning of the financial year on 1 January 2024 and 2023, there was no outstanding share options. There is no movement in the share options granted to the directors, employees of the Company and other eligible participants under the Share Option Scheme during the years ended 31 December 2024 and 2023. The Share Option Scheme has expired on 9 September 2023.

28. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme ("**MPF**") for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes HK$1,500 or 5% of the relevant payroll costs, whichever is lower for each employee, to the scheme, which contribution is matched by employees.

The employees in the PRC are members of state-managed retirement benefit scheme operated by the PRC government (the "**PRC Retirement Benefit Scheme**"). The Company's subsidiaries operating in the PRC is required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contribution under the scheme.

The Group's contribution to aforementioned retirement benefits schemes for the year ended 31 December 2024 amounted to in aggregate of approximately HK$58,000 (2023: approximately HK$88,000).

During the year ended 31 December 2024, there was no forfeited contribution under the MPF or the PRC Retirement Benefit Scheme which may be used by the Group to reduce current or future levels of contributions (2023: Nil). Accordingly, there was no forfeited contribution utilized for the year ended 31 December 2024 (2023: Nil).

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

There were no major non-cash transactions during the year ended 31 December 2024 and 2023.

(b) Changes in the Group's liabilities arising from financing activities:

2024

	Lease liabilities HK$'000 (Note 15)	Interest-bearing bank and other borrowings HK$'000 (Note 22)	Amount due to former related companies HK$'000	Total HK$'000
At 1 January 2024	**1,574**	**870,857**	**250**	**872,681**
Changes from financing cash flows:				
New other borrowings raised	**–**	**30,000**	**–**	**30,000**
Repayment of bank borrowings	**–**	**(120,000)**	**–**	**(120,000)**
Payment of lease liabilities	**(872)**	**–**	**–**	**(872)**
Total changes from financing cash flows	**(872)**	**(90,000)**	**–**	**(90,872)**
Other changes:				
Interest expenses	**96**	**50,414**	**–**	**50,510**
Interest paid classified as operating cash flows	**(96)**	**(39,243)**	**–**	**(39,339)**
Exchange realignment	**–**	**–**	**(5)**	**(5)**
Total other changes	**–**	**11,171**	**(5)**	**11,166**
At 31 December 2024	**702**	**792,028**	**245**	**792,975**

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Changes in the Group's liabilities arising from financing activities: (continued)

2023

	Lease liabilities HK$'000 (Note 15)	Interest-bearing bank and other borrowings HK$'000 (Note 22)	Amount due to former related companies* HK$'000	Total HK$'000
At 1 January 2023	2,380	790,505	253	793,138
Changes from financing cash flows:				
New other borrowings raised	–	100,000	–	100,000
Repayment of bank borrowings	–	(19,937)	–	(19,937)
Payment of lease liabilities	(806)	–	–	(806)
Total changes from financing cash flows	(806)	80,063	–	79,257
Other changes:				
Interest expenses	164	43,264	–	43,428
Interest paid classified as operating cash flows	(164)	(42,975)	–	(43,139)
Exchange realignment	–	–	(3)	(3)
Total other changes	–	289	(3)	286
At 31 December 2023	1,574	870,857	250	872,681

* The amount due to former related companies are included "Other payables and accrued expenses" in Note 21 to the financial statements.

(c) Total cash outflow for leases

	2024 HK$'000	2023 HK$'000
Within operating activities	**389**	462
Within financing activities	**872**	806
Total	**1,261**	1,268

30. MATERIAL RELATED PARTY TRANSACTIONS

Pursuant to a loan agreement entered into between China Cinda (HK) and the Company on 28 December 2023 (the "**Loan Agreement**"), China Cinda (HK) has agreed to grant an unsecured loan facility to the Company in the principal amount of up to HK$130 million at simple interest rate of 12% per annum to 31 December 2024 which is renewable up to 31 December 2025 (the "**Shareholder's Loan**").

Under the aforementioned Loan Agreement, as at 29 December 2023, China Cinda (HK) granted the Company a loan of HK$100 million, with a simple interest rate of 12% per annum to 31 December 2024, which was renewed up to 31 December 2025 during the year ended 31 December 2024. As at 30 December 2024, China Cinda (HK) granted the Company another loan of HK$30 million, with a simple interest rate of 12% per annum to 31 December 2025.

Save as disclosed above and those disclosed elsewhere in the consolidated financial statements, the Group had no material outstanding balances with related parties as at 31 December 2024 and 2023.

Compensation of key management personnel of the Group:

	2024 **HK$'000**	2023 HK$'000
Short term employee benefits	**1,133**	1,339
Post-employment benefits	**18**	18
Total compensation paid to key management personnel	**1,151**	1,357

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

31. PLEDGE OF ASSETS

As at 31 December 2024 and 2023, the Group has pledged the following assets:

(1) Investment properties in Hong Kong with an aggregate carrying amount of HK$1,582,100,000 (2023: HK$1,731,100,000) for securing the Group's bank borrowings;

(2) Share mortgage of certain subsidiaries for securing their respective bank borrowings;

(3) Rent assignments in respect of the investment properties held by the Group;

32. EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2024 and up to the date of this annual report.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2024 and 2023 are categorised as follows:

	2024 HK$'000	2023 HK$'000
Financial assets		
At amortised cost:		
Trade receivables (Note 19)	**84**	61
Financial assets included in other receivables, deposits and prepayments (Note 19)	**1,931**	2,875
Cash and cash equivalents (Note 20)	**16,738**	123,047
Subtotal	**18,753**	125,983
At fair value through profit or loss		
Financial assets at fair value through profit or loss (Note 18)	**–**	–
Total	**18,753**	125,983
Financial liabilities		
At amortised cost:		
Financial liabilities included in other payables, deposits and accrued expenses (Note 21)	**14,091**	15,234
Interest-bearing bank and other borrowings (Note 22)	**792,028**	870,857
Lease liabilities (Note 15)	**702**	1,574
	806,821	887,665

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs

	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2024	2023			
	HK$'000	HK$'000			
Financial assets					
Financial assets at fair value through profit or loss	**–**	–	Level 3	Net asset value	N/A (Note)

Note:

The Group has determined that the net asset value represents fair value at the end of the reporting period.

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

	2024		2023	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	HK$'000	**HK$'000**	HK$'000	HK$'000
Financial liabilities				
Interest-bearing bank borrowings	**649,910**	**649,910**	770,759	770,759
Other borrowings (other than lease liabilities)	**142,118**	**142,118**	100,098	100,098
Total	**792,028**	**792,028**	870,857	870,857

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

(iii) Reconciliation of Level 3 fair value measurements

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

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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, deposits and prepayments and other payables, and deposits, which arise directly from its operations.

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

(i) Interest rate risk

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group's Hong Kong dollar denominated borrowings.

The following table details the interest rate profile of the Group's net borrowings at the end of the reporting period:

	2024		2023	
	Effective Interest rate	**HK$'000**	Effective Interest rate	HK$'000
Net variable rate borrowings				
Bank borrowings	**(Note)**	**649,910**	(Note)	770,759
Bank balances (include time deposits)	**0.001% to 4.270%**	**(16,738)**	0.001% to 4.930%	(123,047)
Total		**633,172**		647,712

Note: Details of the Group's bank borrowings are set out in Note 22 to the consolidated financial statements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Interest rate risk (continued)

At 31 December 2024, it was estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss after taxation by approximately HK$6,332,000 (2023: increase/decrease the Group's loss after taxation by approximately HK$6,477,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for the year ended 31 December 2023.

(ii) Foreign currency risk

The Group have foreign currency denominated monetary assets and liabilities, which exposed the Group to foreign currency risk. The Group currently does not have a foreign exchange policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the risk arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
RMB	**5,034**	5,162	**330**	337
United States Dollars ("**USD**")	**159**	161	**–**	–

Sensitivity analysis

As Hong Kong Dollars are pegged to USD, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the Hong Kong Dollars to USD exchange rates. As a result, the Directors consider that the sensitivity of the Group's exposure towards the change in foreign exchange rates between Hong Kong Dollars to USD is minimal.

The Group is mainly exposed to the effects of fluctuation in RMB.

The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in Hong Kong Dollars against RMB. The sensitivity analysis includes outstanding foreign currency denominated monetary items. A positive number below indicates an increase in profit or equity where the Hong Kong Dollars strengthen 5% (2023: 5%) against RMB. For a 5% (2023: 5%) weakening of the Hong Kong Dollars against RMB, there would be an equal and opposite impact on the profit or equity, and the balances below would be negative.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Foreign currency risk (continued)

Sensitivity analysis (continued)

	Impact of RMB	
	2024	2023
	HK$'000	HK$'000
Other comprehensive income (Note)	**(235)**	(241)

Note:

This is mainly attributable to the exposure outstanding on monetary items denominated in RMB not subject to cash flow hedge at the end of the reporting period.

(iii) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, trade and other receivables and deposits. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group applies with simplified approach to provide for ECLs presented by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the economic variable credit risk and ECL.

Rental receivables

In order to minimize the credit risk, the management of the Group will internally assess the credit quality of the potential tenants before accepting any new tenants, no credit period is granted to tenants. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

As part of the Group's credit risk management, the Group assessed the ECL for each of the rental receivable individually. No impairment allowance for the remaining rental receivables was provided since the loss given default and exposure at default are significantly reduced as due to the low probability of default of those receivables based on historical credit loss experience and rental deposits received from those tenants. The Directors have also considered reasonable and supportable best information available without undue cost or effort including historical evidences and forward looking information, such as, but not limited to, subsequent settlement, and concluded that there is no significant increase in credit risk.

As at 31 December 2024 and 2023, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Further quantitative disclosure of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 19 to the consolidated financial statements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

Other receivables, deposits and prepayments

In relation to other receivables and deposit paid for acquisition of a subsidiary, the Group has assessed that the expected credit losses for these receivables under the lifetime expected losses method. The loss allowance for impairment of other receivables, deposits and prepayments was approximately HK$270,446,000 (2023: approximately HK$276,158,000) was made. The Group performs impairment assessment on the balances on a periodic basis. In determining the ECL of other receivables and deposit paid for acquisition of a subsidiary, the Group has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort.

Amount due from an associate

In relation to amount due from an associate, the Group estimates the ECL under HKFRS 9 ECL models. In assessing whether the credit risk of amount due from an associate has increased significantly since initial recognition, the Group consider that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The loss allowance for impairment of amount due from an associate was approximately HK$52,384,000 (2023: approximately HK$53,530,000). 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.

Cash and cash equivalents

Credit risk on bank balances is limited because the amounts are placed in reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12-month ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12-month ECL on bank balances is considered to be insignificant.

Other than concentration of credit risk on liquid fund which are deposited with several banks with high credit ratings and save as disclose elsewhere in the consolidated financial statements, the Group does not have any other significant concentration of credit risk.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Credit risk (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	Total HK\$'000
At 31 December 2024					
Rental receivables	**–**	**–**	**–**	**84**	**84**
Financial assets included in other receivables, deposits, and prepayments					
– Normal*	**1,931**	**–**	**–**	**–**	**1,931**
– Doubtful*	**–**	**–**	**270,446**	**–**	**270,446**
Cash and cash equivalents	**16,738**	**–**	**–**	**–**	**16,738**
Amount due from an associate	**–**	**–**	**52,384**	**–**	**52,384**
	18,669	**–**	**322,830**	**84**	**341,583**

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	Total HK\$'000
At 31 December 2023					
Rental receivables	–	–	–	61	61
Financial assets included in prepayments, other receivables and other assets					
– Normal*	2,875	–	–	–	2,875
– Doubtful*	–	–	276,158	–	276,158
Cash and cash equivalents	123,047	–	–	–	123,047
Amount due from an associate	–	–	53,530	–	53,530
	125,922	–	329,688	61	455,671

* The credit quality of the financial assets included in prepayments is considered to be "normal" when there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Liquidity risk

The Group will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

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

	Carrying amount HK$'000	Total contractual undiscountd cash flow HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000
Non-derivative financial liabilities				
31 December 2024				
Interest-bearing bank and other borrowings	**792,028**	**825,044**	**825,044**	**–**
Other payables, deposits and accrued expenses	**14,091**	**14,091**	**9,484**	**4,607**
Lease liabilities	**702**	**726**	**726**	**–**
	806,821	**839,861**	**835,254**	**4,607**
31 December 2023				
Interest-bearing bank and other borrowings	870,857	923,013	923,013	–
Other payables, deposits and accrued expenses	15,234	15,234	10,716	4,518
Lease liabilities	1,574	1,694	968	726
	887,665	939,941	934,697	5,244

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(v) Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximizing the return to the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of debts (which includes interest-bearing bank and other borrowings), cash and cash equivalents and equity attributable to equity holders of the Company.

The Group's risk management actively and regularly reviews the capital structure. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio, expressed as total liabilities over total assets, at the end of the reporting period was as follows:

	2024 **HK$'000**	2023 HK$'000
Total assets	**1,601,921**	1,858,637
Total liabilities	**825,236**	905,103
Gearing ratio	**51.5%**	48.7%

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS		
Interests in subsidiaries (Note)	**861,818**	671,344
CURRENT ASSETS		
Other receivables	**21**	16
Cash and cash equivalents	**1,635**	115,911
	1,656	115,927
CURRENT LIABILITIES		
Other payables	**4,009**	4,018
Bank and other borrowings	**142,118**	100,098
Amounts due to subsidiaries	**331,665**	344,006
	477,792	448,122
NET CURRENT LIABILITIES	**(476,136)**	(332,195)
TOTAL ASSETS LESS CURRENT LIABILITIES	**385,682**	339,149
NET ASSETS	**385,682**	339,149
CAPITAL AND RESERVES		
Share capital	**112,502**	112,502
Reserves	**273,180**	226,647
TOTAL EQUITY	**385,682**	339,149

Note:

As at 31 December 2024 and 2023, the balance of interests in subsidiaries included amounts due from subsidiaries.

The Company's financial statements were approved and authorised for issue by the board of directors on 28 March 2025 and signed on its behalf by:

Chen Zhiwei
Director

Ku Ka Lee
Director

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

Movement in the Company's reserves

	Share premium HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2023	168,300	5,619	54,229	228,148
Loss and total comprehensive loss for the year	–	–	(1,501)	(1,501)
At 31 December 2023 and 1 January 2024	168,300	5,619	52,728	226,647
Profit and total comprehensive income for the year	–	–	46,533	46,533
At 31 December 2024	**168,300**	**5,619**	**99,261**	**273,180**

37. CORPORATE GUARANTEES

As at 31 December 2024, the Company provided corporate guarantee to a bank for securing banking facilities granted to its subsidiaries which amounted to HK$1,127,000,000 (2023: HK$1,127,000,000).

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2025.

Five-year Financial Summary

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

	Year ended 31 December				
	2020 HK$'000 (Restated)	2021 HK$'000 (Restated)	2022 HK$'000 (Restated)	2023 HK$'000	**2024** **HK$'000**
CONTINUING OPERATIONS					
Revenue	36,990	36,594	33,678	33,778	**32,638**
Other income, net	11,663	433	1,097	3,326	**1,251**
Net loss in fair value of investment properties	(58,600)	(35,700)	(45,800)	(50,400)	**(149,451)**
Staff costs	(11,277)	(7,846)	(5,155)	(3,956)	**(3,119)**
Depreciation of property, plant and equipment	(989)	(786)	(173)	(118)	**(17)**
Depreciation of right-of-use assets	(1,224)	(1,197)	(1,212)	(857)	**(857)**
Impairment losses under expected credit loss model	–	(612)	–	–	**–**
Impairment loss on financial assets, net	–	–	–	–	**(162)**
Other operating expenses	(20,526)	(14,688)	(19,617)	(7,258)	**(5,859)**
Loss from continuing operations	(43,963)	(23,802)	(37,182)	(25,485)	**(125,576)**
Gain on disposals of subsidiaries	8,431	414,955	–	–	**–**
Finance costs	(29,305)	(18,865)	(22,109)	(43,428)	**(50,510)**
(Loss)/profit before tax from continuing operations	(64,837)	372,288	(59,291)	(68,913)	**(176,086)**
Income tax expense	(5,981)	(4,227)	(4,059)	(3,951)	**(657)**
(Loss)/profit for the year from continuing operations	(70,818)	368,061	(63,350)	(72,864)	**(176,743)**
DISCONTINUED OPERATION					
Loss for the year from a discontinued operation	(110,262)	(121,776)	–	–	**–**
(Loss)/profit for the year	(181,080)	246,285	(63,350)	(72,864)	**(176,743)**
(Loss)/profit for the year attributable to the ordinary equity holders of the Company	(181,080)	246,285	(63,350)	(72,864)	**(176,743)**
(Loss)/earnings per share					
– Basic and diluted (in HK cents)	(16.10)	21.89	(5.63)	(6.48)	**(15.71)**
ASSETS AND LIABILITIES					
Total assets	2,904,332	1,970,120	1,851,749	1,858,638	**1,601,921**
Total liabilities	2,069,572	891,712	825,476	905,104	**825,236**
	834,760	1,078,408	1,026,273	953,534	**776,685**

Schedule of Properties Held by the Group

At 31 December 2024

MAJOR PROPERTIES

Particulars of major properties held by the Group at 31 December 2024 were as follows:

Investment properties

Location	Type of property	Group interest	Approximate area
Jardine Center, 50 Jardine's Bazaar, Causeway Bay, Hong Kong	Commercial	100%	GFA of approximately 49,779 sq. ft
Ground Floor and Cockloft Floor, 38 Jardine's Bazaar, Causeway Bay, Hong Kong	Commercial	100%	Saleable area of approximately 446 sq. ft. with yard and the store of approximately 28 and 193 sq. ft. respectively on the ground floor
First Floor, 38 and 40 Jardine's Bazaar, Causeway Bay, Hong Kong	Residential	100%	Saleable area of approximately 762 sq. ft. with flat roof of approximately 99 sq. ft.
Ground Floor including Cockloft of 41 Jardine's Bazaar, Causeway Bay, Hong Kong	Commercial	100%	Saleable area of approximately 600 sq. ft. with yard and store of approximately 80 sq. ft. and 371 sq. ft. respectively with yard of 82 sq. ft. on the ground floor
Ground Floor, 57 Jardine's Bazaar, Causeway Bay, Hong Kong	Commercial	100%	Saleable area of approximately 715 sq. ft.
Shop No.1 on Ground Floor including Portions of The Flat Roof and Canopy over and above The Shop No.1 on the Ground Floor, K.K. Mansion, 119, 121 & 125 Caine Road, Mid-Levels West, Hong Kong	Commercial	100%	Saleable area of approximately 1,345 sq. ft. with flat roof of approximately 273 sq. ft.

Schedule of Properties Held by the Group

At 31 December 2024

Properties for sale

Location	Type of property	Group interest	Approximate area
Jinxi Yijingyuan (金義頤景園) located at Lot No. 2 Huajin Street at the southern side of Jingang Avenue and the western side of Huajin Street Jinyi New Urban District Jinhua City Zhejiang Province The PRC	Commercial and residential	48.51%	GFA of approximately 337,530 sq.m.