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China Cultural Tourism and Agriculture Group Limited

中國文旅農業集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 542)

2024 FINAL RESULTS ANNOUNCEMENT

The Board of Directors (the “**Board**”) of China Cultural Tourism and Agriculture Group Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (together the “**Group**”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
REVENUE	5	216,159	305,020
Cost of sales		(123,684)	(187,255)
Gross profit		92,475	117,765
Other income and gains	6	2,010	95,802
Selling expenses		(1,428)	(4,950)
Administrative and other expenses		(94,303)	(75,381)
Impairment loss of licensing right		–	(1,749)
Impairment loss of property under development		(10,092)	–
Impairment loss of property held for sale		(74,149)	(153,169)
Expected credit loss on other receivables		(12,680)	–
Finance costs	7	(133,517)	(147,252)
LOSS BEFORE TAX	8	(231,684)	(168,934)
Income tax expense	9	(391)	(35,495)
LOSS FOR THE YEAR		(232,075)	(204,429)
Loss for the year attributable to:			
Owners of the Company		(203,483)	(192,711)
Non-controlling interests		(28,592)	(11,718)
		(232,075)	(204,429)
		<i>HK cents</i>	<i>HK cents</i>
LOSS PER SHARE	10		
— Basic		(2.65)	(2.65)
— Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	HK\$'000	HK\$'000
LOSS FOR THE YEAR	<u>(232,075)</u>	<u>(204,429)</u>
OTHER COMPREHENSIVE LOSS		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	<u>(6,880)</u>	<u>(4,853)</u>
Other comprehensive loss for the year, net of tax	<u>(6,880)</u>	<u>(4,853)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(238,955)</u></u>	<u><u>(209,282)</u></u>
Total comprehensive loss for the year attributable to:		
Owners of the Company	(205,201)	(194,723)
Non-controlling interests	<u>(33,754)</u>	<u>(14,559)</u>
	<u><u>(238,955)</u></u>	<u><u>(209,282)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		132,895	153,237
Right-of-use assets		40,665	42,769
Properties under development	<i>11</i>	1,567,804	1,623,860
Licensing rights		277	480
		<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS		1,741,641	1,820,346
		<hr/>	<hr/>
CURRENT ASSETS			
Properties held for sale	<i>12</i>	843,756	1,026,602
Inventories		2,575	3,433
Trade receivables	<i>13</i>	1,911	1,021
Prepayments, deposits and other receivables		378,964	391,323
Amount due from a director		159	165
Amount due from a non-controlling shareholder		351	363
Restricted bank balances		100,826	131,912
Cash and cash equivalents		8,656	13,370
		<hr/>	<hr/>
TOTAL CURRENT ASSETS		1,337,198	1,568,189
		<hr/>	<hr/>
TOTAL ASSETS		3,078,839	3,388,535
		<hr/>	<hr/>

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
CURRENT LIABILITIES			
Trade payables, other payables and accruals	<i>14</i>	641,586	519,459
Contract liabilities	<i>15</i>	34,634	178,623
Amounts due to non-controlling shareholders	<i>16</i>	13,457	2,206
Loans and borrowings — due within one year		800,627	320,905
Tax payable		265,018	281,788
		<u>1,755,322</u>	<u>1,302,981</u>
TOTAL CURRENT LIABILITIES		1,755,322	1,302,981
NET CURRENT (LIABILITIES)/ASSETS		<u>(418,124)</u>	<u>265,208</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,323,517</u>	<u>2,085,554</u>
NON-CURRENT LIABILITIES			
Loans and borrowings — due after one year		713,621	1,160,820
Other payables	<i>14</i>	251,457	468,013
Amount due to a director	<i>17</i>	153,121	148,580
Promissory note payable	<i>18</i>	136,815	133,182
Deferred tax liabilities		86,591	87,045
		<u>1,341,605</u>	<u>1,997,640</u>
TOTAL NON-CURRENT LIABILITIES		1,341,605	1,997,640
NET (LIABILITIES)/ASSETS		<u>(18,088)</u>	<u>87,914</u>
Share capital	<i>19</i>	76,872	76,872
Reserves		(222,818)	(20,796)
		<u>(145,946)</u>	<u>56,076</u>
(Deficit)/equity attributable to owners of the Company		(145,946)	56,076
Non-controlling interests		127,858	31,838
		<u>(18,088)</u>	<u>87,914</u>
TOTAL (DEFICIT)/EQUITY		(18,088)	87,914

NOTES

1. CORPORATE INFORMATION

China Cultural Tourism and Agriculture Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The registered office of the Company are located at 94 Solaris Avenue, 2nd Floor Camana Bay, Grand Cayman KY1-1203, Cayman Islands and the Company changed its principal place of business from Unit 402, Kowloon City Plaza, 128 Carpenter Road, Kowloon City, Kowloon, Hong Kong to Units 2105 and 2106, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong with effect from 15 January 2025. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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

2. BASIS OF PREPARATION

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

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

Going concern basis

For the year ended 31 December 2024, the Group recorded a net loss of approximately HK\$232,075,000. As at 31 December 2024, the Group’s financial obligations approximately HK\$1,755,322,000, which are due for repayment within the next twelve months. Among these obligations, approximately HK\$225,804,000 of bank borrowings and HK\$64,217,000 of other borrowing are repayable on demand as at 31 December 2024, while the Group’s available cash and cash equivalents amount to approximately HK\$8,656,000. These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group’s ability to continue as a going concern.

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

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

- (ii) repayment for those construction costs, borrowings, including those construction costs payables, loan principles and interests that are already overdue; and
- (iii) accelerating the pre-sales of properties under development and speeding up the delivery of completed properties to property buyers.

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

3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

New standard and amendments to standards effective for the accounting period beginning on 1 January 2024

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

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

Amendments and interpretations to standards relevant to the Group that are not yet effective in 2024 and have not been early adopted by the Group

The Group has not early adopted the following amendments and interpretations to standards that have been issued but are not yet effective for the year ended 31 December 2024:

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

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

4. OPERATING SEGMENT INFORMATION

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

- (a) Property Development Business: Property development and provision of ancillary services including agency and clubhouse operating service;
- (b) Hotel Business: Sub-licensing rights to hotel operators and related hotel management activities; and
- (c) Other Business: Trading of goods.

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

For the year ended 31 December

	Property Development		Hotel Business		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue								
Revenue from contracts with customers								
— recognised at a point in time	205,577	288,447	—	—	1,361	7,440	206,938	295,887
— recognised over time	8,602	8,502	619	631	—	—	9,221	9,133
	<u>214,179</u>	<u>296,949</u>	<u>619</u>	<u>631</u>	<u>1,361</u>	<u>7,440</u>	<u>216,159</u>	<u>305,020</u>
Total segment revenue								
Segment loss	(65,746)	(204)	(22,416)	(24,444)	(4,026)	(6,216)	(92,188)	(30,864)
Reconciliation:								
Bank interest income							202	504
Other income							500	16,662
Other unallocated expenses							(6,681)	(7,984)
Finance costs							(133,517)	(147,252)
Loss before tax							<u>(231,684)</u>	<u>(168,934)</u>

Note: There were no inter-segment sales for both of the year ended 31 December 2024 and 31 December 2023.

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

- (a) all assets are allocated to reportable segments other than certain restricted bank balances, unallocated prepayments, deposits and other receivables and cash and bank balances.
- (b) all liabilities are allocated to reportable segments other than unallocated other payables and accruals, amounts due to non-controlling shareholders, amount due to a director, promissory note payable and deferred tax liabilities.

Other segment information

For the year ended 31 December 2024

	Property Development <i>HK\$'000</i>	Hotel Business <i>HK\$'000</i>	Other Business <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Additions to non-current assets	29,870	–	68	–	29,938
Depreciation and amortisation	155	20,439	45	1	20,640
Impairment loss of property under development	10,092	–	–	–	10,092
Impairment loss of property held for sale	74,149	–	–	–	74,149
Expected credit loss on other receivables	12,480	25	175	–	12,680

For the year ended 31 December 2023

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

Note:

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

Geographical information

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
REVENUE		
— PRC	<u>216,159</u>	<u>305,020</u>

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A (Note)	<u>N/A</u>	<u>156,961</u>

Note: Customer A did not contribute over 10% of total revenue of the Group during the year ended 31 December 2024.

5. REVENUE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of properties held for sale	205,577	288,447
Sales of goods	1,361	7,440
Licensing income	619	631
Property agency income	<u>8,602</u>	<u>8,502</u>
	<u>216,159</u>	<u>305,020</u>

Disaggregated by timing of revenue recognition

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue recognised:		
— Point in time	206,938	295,887
— Over time	<u>9,221</u>	<u>9,133</u>
	<u>216,159</u>	<u>305,020</u>

6. OTHER INCOME AND GAINS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	202	504
Rental income	500	734
Others	1,308	2,014
Fair value change of financial liabilities	–	4,720
Gain of modification of financial liabilities	–	87,830
	<u>2,010</u>	<u>95,802</u>

7. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interests on		
Loans and borrowings	116,661	150,808
Amounts due to a director	13,087	1,284
Promissory note payable	12,258	8,036
Lease liabilities	–	25
	<u>142,006</u>	<u>160,153</u>
Less: Amount capitalised on properties under development	<u>(8,489)</u>	<u>(12,901)</u>
	<u>133,517</u>	<u>147,252</u>

The borrowing costs have been capitalised at the rates ranged from 6.5% to 8.1% (2023: 7.2% to 13%) per annum.

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of sales		
Cost of properties sold	122,396	178,836
Cost of inventories sold	1,010	6,956
Amortisation of licensing rights	197	923
Property agency service charges	81	540
	<u>123,684</u>	<u>187,255</u>
Depreciation of property, plant and equipment	18,556	18,649
Depreciation of right-of-use assets	1,887	399
Rental expenses for short-term leases	653	643
Auditors' remuneration	989	1,056
Employee benefit expenses (including directors' remuneration)		
— Wages and salaries	19,152	20,411
— Retirement benefits scheme contributions	1,393	1,178
Exchange losses, net	<u>10,409</u>	<u>6,705</u>

9. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax expense		
PRC Enterprise Income Tax		
— Provision for the year	<u>(8)</u>	<u>(5,172)</u>
PRC Land Appreciation Tax (“LAT”)		
— Provision for the year	<u>(837)</u>	<u>(30,793)</u>
	<u>(845)</u>	<u>(35,965)</u>
Deferred tax	<u>454</u>	<u>470</u>
Income tax expense	<u>(391)</u>	<u>(35,495)</u>

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

PRC Enterprise Income Tax is calculated at 25% (2023: 25%) of the profits of the group entities in the PRC.

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

10. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to owners of the Company amounted to HK\$203,483,000 (2023: HK\$192,711,000) and 7,687,158,040 (2023: 7,273,117,404) ordinary shares in issue during the year.

No diluted loss per share for both of the year ended 31 December 2024 and 2023 was presented as there were no potential ordinary shares in issue for both of the years.

11. PROPERTIES UNDER DEVELOPMENT

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Properties under development, at cost	<u>1,567,804</u>	<u>1,623,860</u>

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

12. PROPERTIES HELD FOR SALE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Properties held for sale	<u>843,756</u>	<u>1,026,602</u>

13. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables, gross	83,514	85,765
Expected credit loss recognised	<u>(81,603)</u>	<u>(84,744)</u>
	<u>1,911</u>	<u>1,021</u>

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	592	317
1–3 months	159	55
4–12 months	<u>1,160</u>	<u>649</u>
	<u>1,911</u>	<u>1,021</u>

Movements in expected credit loss recognised on trade receivables are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At the beginning of the year	84,744	87,467
Exchange realignment	<u>(3,141)</u>	<u>(2,723)</u>
At the end of the year	<u><u>81,603</u></u>	<u><u>84,744</u></u>

14. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables for property development expenditure (<i>Note a</i>)	271,030	277,835
Value-added tax payable	97,320	117,037
Interest payable	271,183	249,542
Other payables and accruals	<u>253,510</u>	<u>343,058</u>
	<u><u>893,043</u></u>	<u><u>987,472</u></u>
Analysed for reporting purpose:		
— Current liabilities	641,586	519,459
— Non-current liabilities	<u>251,457</u>	<u>468,013</u>
	<u><u>893,043</u></u>	<u><u>987,472</u></u>

Note:

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	125,784	81,093
1–3 months	<u>145,246</u>	<u>196,742</u>
	<u><u>271,030</u></u>	<u><u>277,835</u></u>

15. CONTRACT LIABILITIES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Advance payments received for sales of properties	<u>34,634</u>	<u>178,623</u>

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

16. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

The amounts due to non-controlling shareholders are unsecured, interest free and repayable on demand.

17. AMOUNT DUE TO A DIRECTOR

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Amount due to a director repayable:		
— Within a period of more than one year but not exceeding two years (2023: three years)	<u>153,121</u>	<u>148,580</u>

18. PROMISSORY NOTES PAYABLE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Promissory notes payable:		
— Within a period of more than one year but not exceeding seven years (2023: eight years)	<u>136,815</u>	<u>133,182</u>

The amount due to a director, Mr. Yang Lijun is unsecured, carries interest at 12%–13% per annum (2023: 12%–13% per annum).

19. SHARE CAPITAL

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Authorised:		
100,000,000,000 ordinary shares of HK\$0.01 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
7,687,158,040 ordinary shares of HK\$0.01 each	<u>76,872</u>	<u>76,872</u>

20. DIVIDEND

No dividend was paid or proposed for the year ended 31 December 2024, nor had any dividend been proposed since the end of the reporting period (2023: Nil).

21. PROJECT COMMITMENTS

As at 31 December 2024, the Group had outstanding commitments for property development expenditure and acquisition of land for development contracted but not provided for amounted to approximately HK\$273,638,000 (2023: HK\$221,041,000).

22. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 December 2024 (2023: Nil).

23. CONTINGENT LIABILITIES

As at 31 December 2024, the Group had contingent liabilities amounting to HK\$280,579,000 (2023: HK\$301,382,000) in respect of the buy-back guarantee in favour of banks to secure mortgage loan facilities granted to the purchasers of the Group's properties.

The following is an extract of the auditors' report on the Group's financial statements for the year ended 31 December 2024:

DISCLAIMER OF OPINION

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

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties related to going concern

As disclosed in note 2 to the consolidation financial statements for the year ended 31 December 2024, the Group recorded a net loss of approximately HK\$232,075,000. As at 31 December 2024, the Group's financial obligations approximately HK\$1,755,322,000, which are due for repayment within the next twelve months. Among these obligations, approximately HK\$225,804,000 of bank borrowings and HK\$64,217,000 of other borrowing are repayable on demand as at 31 December 2024, while the Group's available cash and cash equivalents amount to approximately HK\$8,656,000 only. These events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

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

- (i) the successful obtaining of additional new source of finance as and when needed;
- (ii) repayment for those construction costs, borrowings, including those construction costs payables, loan principles and interests that are already overdue; and
- (iii) accelerating the pre-sales of properties under development and speeding up the delivery of completed properties to property buyers.

However, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the events or conditions underpinning the cash flow forecast of the Group for going concern assessment are reasonable and supportable, due to the lack of sufficient supporting basis from management, including but not limited to the reasonableness of the management's plan regarding on the renewal or extension of repayment of those construction costs and borrowings and obtain of additional new source of finance as and when needed. As a result, we were unable to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements by the management of the Group.

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the year ended 31 December 2024, the Group's revenue was approximately of HK\$216.2 million, compared to HK\$305.0 million for 2023. The Group recorded a loss before tax approximately of HK\$231.7 million, compared to the loss of HK\$168.9 million for 2023. The decrease in total revenue was mainly due to a substantial decrease in the sales of property the Group in 2024. The loss, amongst other things, was mainly attributable to the impairment of property under development, property held for sale and other receivables of the Group.

Loss attributable to the owners of the Company for the year ended 31 December 2024 was approximately of HK\$203.5 million, compared to the loss of HK\$192.7 million for the corresponding period in 2023.

PROPERTY DEVELOPMENT SEGMENT

Revenue of the property development segment for the year ended 31 December 2024 was approximately of HK\$214.2 million, compared to HK\$296.9 million for 2023. Loss of the property development segment for the year ended 31 December 2024 was HK\$65.7 million, compared to the loss of HK\$0.2 million for the corresponding period in 2023. The loss was mainly due to the impairment loss of property held for sales in 2024.

During the year ended 31 December 2024, the Group had four projects under development on hand, namely German City project located in Hengqin New District, Zhuhai City, Fuyuan Junting project located in Chengdu, and Fuyuan Square project located in Doumen, Taishan project located in Taishan City, respectively.

German City project holds a land parcel with total gross floor area approximately of 145,176 sq. m., of which approximately of 49,999 sq. m. is for sales. German City project is designated to be developed into a research and commercial complex. German City project had started pre-sales since the 4th quarter of 2019. As at 31 December 2024, German City project had achieved sales amounting to 59.10% of its gross saleable areas available for sale. The construction work of German City project is expected to be completed in October 2025.

Fuyuan Junting project holds two land parcels with total gross floor area approximately of 120,500 sq. m., of which 84,425 sq. m. is available for sales. Fuyuan Junting project is to be developed into a residential complex. Fuyuan Junting project had started pre-sales since the 4th quarter of 2019. As at 31 December 2024, first phase and second phase of Fuyuan Junting project had achieved sales amounting to approximately of 100% and 84.85% of its respective total gross saleable areas available for sales. Construction work of the first phase of the project had been completed. The completed properties of the first phase of the project had been handed over to the buyers since May 2022. Construction work of the second phase of the project was completed in October 2024.

Fuyuan Square project holds a land parcel of gross floor area of approximately 197,391 sq. m., of which approximately of 61,654 sq. m. is available for sales. Fuyuan Square project is designated to be developed into a commercial complex which comprises office towers, a 5-star standard hotel and a shopping center with basement car parks. Fuyuan Square project had started pre-sales since July 2020. As at 31 December 2024, Fuyuan Square project had achieved sales contracts approximately 60.14% of its total gross saleable areas available for sale. Construction work of Fuyuan Square project is expected to be completed in November 2025.

Taishan project holds nine parcels of lands with total site area of approximately 534,191 sq. m., for tourism and commercial uses. The project will be developed into a leisure and health resort featuring a range of amenities, including apartments, hotels, and various leisure and commercial facilities.

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

HOTEL BUSINESS

For the year ended 31 December 2024, the hotel business segment recorded revenue from the sub-licensing of operating right amounting to HK\$0.62 million, compared to HK\$0.63 million for the corresponding period 2023. Loss of the segment amounted to HK\$22.4 million for the year ended 31 December 2024, compared to a loss of HK\$24.4 million for the corresponding period 2023. The loss was mainly attributable to the depreciation of property, plant and equipment.

Geographical Segment

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

MATERIAL ACQUISITION AND SHARE REPURCHASE

On 15 June 2023, a direct wholly-owned subsidiary of the Company (the “**Purchaser**”) entered into an agreement with a vendor (the “**Vendor**”), pursuant to which the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the entire issued share capital of the target company (the “**Target Company**”) at a consideration of approximately RMB169.3 million (equivalent to approximately HK\$188.6 million) (the “**Acquisition**”) which is to be settled by (i) the issue and allotment of 740,808,000 consideration shares at a price of HK\$0.2 per consideration share (equivalent to approximately RMB133.0 million), and (ii) payment of cash in the amount of approximately RMB36.3 million. The Acquisition was completed on 24 July 2023. On 16 December 2024, the Purchaser entered into the Deed of Settlement for settlement of the indebtedness with the Vendor, pursuant to which the Vendor repurchased 41 ordinary shares of the Target Company (representing 41% of the issued share capital of the Target Company) from the Purchaser (the “**Share Repurchase**”) and the consideration for the Share Repurchase satisfied by the waiver and release by the Vendor of the Purchaser’s obligation to settle RMB125.05 million of the Outstanding Payables. After the completion of the Share Repurchase, the Target Company was owned as to 59% by the Purchaser and 41% by the Vendor, and it remained as an indirect subsidiary of the Company.

REVIEW OF FINANCIAL POSITION

Overview

As at 31 December 2024, non-current assets of the Group consisted of property under development, property, plant and equipment, right-of-use assets, and licensing rights approximately amounting to a total of HK\$1,741.6 million, compared to HK\$1,820.3 million as at 31 December 2023. Current assets as at 31 December 2024 approximately amounted to a total of HK\$1,337.2 million, compared to HK\$1,568.2 million as at 31 December 2023. Current liabilities as at 31 December 2024 approximately amounted to a total of HK\$1,755.3 million, compared to HK\$1,303.0 million as at 31 December 2023. Non-current liabilities as at 31 December 2024 approximately amounted to a total of HK\$1,341.6 million, compared to HK\$1,997.6 million as at 31 December 2023. Net liabilities of the Group as at 31 December 2024 amounted to approximately HK\$18.1 million, as compared to net assets of HK\$87.9 million as at 31 December 2023.

Capital Structure, Liquidity and Financial Resources

As at 31 December 2024, the Group's total interest bearing borrowings amounted to approximately of HK\$1,804.1 million (31 December 2023: HK\$1,763.5 million) which comprised borrowings from financial institutions of HK\$537.3 million (31 December 2023: HK\$573.0 million), borrowings from independent third parties of HK\$912.7 million (31 December 2023: HK\$844.5 million), promissory note payable of HK\$136.8 million (31 December 2023: HK\$133.2 million), other lender of HK\$64.2 million (31 December 2023: HK\$64.2 million), and amount due to a director of HK\$153.1 million (31 December 2023: HK\$148.6 million).

The Group's total equity as at 31 December 2024 was deficiency of HK\$18.1 million (31 December 2023: equity of HK\$87.9 million).

The Group's gearing ratio as at 31 December 2024 is not presented (31 December 2023: 2,005.9%). The gearing ratio was calculated on the basis of total interest bearing borrowings over the total equity of the Group.

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

Capital Commitments

The Group did not have any significant capital commitment as at 31 December 2024 (31 December 2023: Nil).

Project Commitments

As at 31 December 2024, the Group's outstanding commitments in respect of the costs of property development and acquisition of land for development, contracted but not provided for, amounted to approximately of HK\$273.6 million (31 December 2023: HK\$221.0 million).

Contingent Liabilities

As at 31 December 2024, the Group had contingent liabilities amounting to HK\$280.6 million (31 December 2023: HK\$301.4 million). The contingent liabilities were mainly in respect of buy-back guarantees in favour of banks to secure mortgage loans granted to the property buyers of the Group. The Board considered that in case of default in payments, the related properties will be sold at prices which exceed the outstanding mortgage principals together with the accrued interest and penalty, therefore, no provision has been made in the financial statements for the guarantees.

Charges on Group Assets

As at 31 December 2024, part of the Group's leasehold land and buildings with a carrying amount of HK\$173.2 million (31 December 2023: HK\$195.6 million) had been pledged to a financial institution to secure mortgage loans. Restricted bank balance of HK\$100.8 million (31 December 2023: HK\$131.9 million) were pledged to certain banks for facilities granted to the Group.

GOING CONCERN AND MITIGATION MEASURES

The Company's auditor expressed a disclaimer of opinion on the Company's audited consolidated financial statements for the year ended 31 December 2024 in respect of uncertainties relating to going concern (the "**Disclaimer**").

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

- (i) the Group recorded a net loss of approximately HK\$232,075,000;
- (ii) the Group's financial obligations due within twelve months as at 31 December 2024 approximately HK\$1,755,322,000; and
- (iii) the Group's bank borrowing approximately HK\$225,804,000 and other borrowing approximately HK\$64,217,000 are repayable on demand.

While the Group's available cash and cash equivalents amount to approximately HK\$8,656,000.

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

- (i) negotiating with existing lenders to extend the repayment days of certain loans and borrowings and interest;
- (ii) obtaining additional new sources of finance;
- (iii) accelerating the pre-sales of properties under development and speed up the delivery of completed properties to property buyers;
- (iv) negotiating with contractors to extend for the payment of contracting costs; and
- (v) implementing business strategy to enhance the Group's profitability and cash flows.

STAFF ANALYSIS

The total number of staff employed by the Group as at 31 December 2024 was 90, compared to 98 as at 31 December 2023. As part of the Group's human resources policy, employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus scale. Currently, the Group continues to implement its overall human resource training and development programme and to equip its employees with the necessary knowledge, skills and experience to deal with the existing and future requirements and challenges.

OUTLOOK

Outlook and Planning

In 2024, the real estate industry experienced a difficult time, with financing difficulties, market transactions declining, pre-sale funds under strict supervision, liquidity continuing to tighten, and the industry entering a period of deep adjustment. From September to December 2024, the Meeting of Political Bureau of the Central Committee set the tone "to promote stability and recovery in the real estate market", the Meeting of Political Bureau proposed "stabilizing the property market" and the Economic Work Conference emphasised "sustained efforts to promote the real estate market to stop loss and stabilize". The policy direction of the property market is clear and clear, and the National Housing and Urban-Rural Development Work Conference has also laid out key work goals for 2025. The Group looks forward to 2025, and the loose tone of real estate policies may continue, which is expected to promote the Group's property sales.

In terms of hotel and cultural tourism business, although consumer confidence may still be affected by the economic outlook that is less than expected and the global economic outlook worsens, the Group remains cautiously optimistic about long-term consumer demand and continues to evaluate and explore opportunities in the hotel and cultural tourism business. The Group hopes to maximize the Company's value by introducing new businesses and create greater value for shareholders.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintain high corporate governance standards and uphold accountability and transparency.

During the year ended 31 December 2024, the Company has applied the principles of and complied with the applicable code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules, except for the below deviation:

Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yang Lijun (“**Mr. Yang**”) is the chairman of the Board and the chief executive officer of the Company. As Mr. Yang has extensive experience in the businesses of property development and investment, the Board believes that by holding both roles of the chairman and the chief executive officer, Mr. Yang will be able to provide strong leadership for the Board and effective and efficient business decisions for the Group. The Board believes that the present structure of the Board would provide adequate checks and balances, and a variety of opinions relating to the affairs and the businesses of the Group.

On 1 March 2025, Ms. Chan Chu Hoi resigned as an independent non-executive Director due to focus time and effort on other businesses. Upon the resignation of Ms. Chan Chu Hoi, she also ceased to be the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee. As a result, the Company temporarily failed to comply with the requirements as set out in Rules 3.11, 3.23 and 3.27 of the Listing Rules. As such, the Company will use its best endeavour to identify a suitable candidate to fill the vacancy on the Board and its committees as soon as practicable, with the relevant appointment to be made within three months from the date of the resignation of Ms. Chan pursuant to Rules 3.11, 3.23 and 3.27 the Listing Rules.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the relevant provisions of the Corporate Governance Code during the period and up to the date of this announcement.

Further information on the Company's corporate governance practices during the period under review will be set out in the Corporate Governance Report contained in the Company's 2024 Annual Report.

CHANGES IN DIRECTORS' INFORMATION

The changes in directors' information, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

On 19 February 2025, Mr. GAO Jingyao resigned as an executive director and a member of the Executive Committee of the Company.

On 1 March 2025, Ms. Chan Chu Hoi resigned as an independent non-executive director, the chairman of the Nomination Committee, a member of the Audit Committee and a member of the Remuneration Committee of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors and relevant employees of the Company. Having made specific enquiry to the Directors and relevant employees, all the Directors and relevant employees confirmed that they had complied with the required standards as set out in the Model Code during the year ended 31 December 2024.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

AUDIT COMMITTEE AND REVIEW OF FINAL RESULTS

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

The Audit Committee, the auditors and the management of the Company have reviewed the Group's audited consolidated financial statements for the year ended 31 December 2024.

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on this announcement.

DISCLOSURE OF INFORMATION

The annual report of the Group for the year ended 31 December 2024 containing the relevant information required by the Listing Rules will subsequently be published on the Company's and the Stock Exchange's websites in due course.

By order of the Board
China Cultural Tourism and Agriculture Group Limited
YANG Lijun
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises Mr. YANG Lijun (Chairman), and Mr. TAM Kai Wai being the executive Directors, Mr. WONG Yuk Lun, Alan being the non-executive Director, and Ms. CHAN Hoi Ling and Ms. TSUI Wai Ting, Rosalie being the independent non-executive Directors.