



中國文旅農業集團

China Cultural Tourism and Agriculture Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 542)

ANNUAL REPORT
2024

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. YANG Lijun (*Chairman & Chief Executive Officer*)
Mr. GAO Jingyao (resigned on 19 February 2025)
Mr. TAM Ka Wai

Non-executive Director

Mr. WONG Yuk Lun, Alan

Independent Non-executive Directors

Ms. CHAN Chu Hoi (resigned on 1 March 2025)
Ms. CHAN Hoi Ling
Ms. TSUI Wai Ting, Rosalie
(appointed on 31 July 2024)
Ms. SO Wai Lam (resigned on 31 July 2024)

BOARD COMMITTEES

Audit Committee

Ms. CHAN Hoi Ling (*Chairman*)
Ms. TSUI Wai Ting, Rosalie
(appointed on 31 July 2024)
Ms. SO Wai Lam (resigned on 31 July 2024)
Ms. CHAN Chu Hoi (resigned on 1 March 2025)

Nomination Committee

Ms. CHAN Chu Hoi (*Chairman*)
(resigned on 1 March 2025)
Ms. CHAN Hoi Ling
Ms. TSUI Wai Ting, Rosalie
(appointed on 31 July 2024)
Ms. SO Wai Lam (resigned on 31 July 2024)

Remuneration Committee

Ms. TSUI Wai Ting, Rosalie (*Chairman*)
(appointed on 31 July 2024)
Ms. SO Wai Lam (*Chairman*)
(resigned on 31 July 2024)
Ms. CHAN Chu Hoi
(resigned on 1 March 2025)
Ms. CHAN Hoi Ling

Executive committee

Mr. YANG Lijun (*Chairman*)
Mr. GAO Jingyao (resigned on 19 February 2025)
Mr. TAM Ka Wai

COMPANY SECRETARY

Mr. CHU Hoe Tin (appointed on 15 February 2025)
Mr. WOO Chung Ping (resigned on 15 February 2025)

AUTHORISED REPRESENTATIVES

Mr. YANG Lijun
Mr. CHU Hoe Tin (appointed on 15 February 2025)
Mr. WOO Chung Ping (resigned on 15 February 2025)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Units 2105 and 2106
Far East Consortium Building
No. 121 Des Voeux Road Central
Hong Kong

AUDITOR

CCTH CPA Limited
Unit 1510–1517, 15/F., Tower 2
Kowloon Commerce Centre
No. 51 Kwai Cheong Road
Kwai Chung, New Territories
Hong Kong

PRINCIPAL BANKERS

China CITIC Bank International Limited
Bank of Communications (Hong Kong) Limited

HONG KONG SHARE REGISTRAR

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

REGISTERED OFFICE

The Offices of JTC (Cayman) Limited
2nd Floor, 94 Solaris Avenue
Camana Bay, P.O. Box 30745
Grand Cayman KY1-1203
Cayman Islands

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00542

WEBSITE

<http://www.cctagroup.com.hk>

Letter to Shareholders

Dear Shareholders,

We hereby report the audited consolidated results of China Cultural Tourism and Agriculture Group Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024 as follows:

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

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 profit of HK\$192.7 million for the corresponding period in 2023.

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 profit of HK\$0.2 million for the corresponding period in 2023. The loss was mainly due to the impairment 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.

Letter to Shareholders

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.

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\$1,741.2 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.

The Group's current liabilities as at 31 December 2024 were approximately 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.

The Company's auditor does not express an opinion on the consolidated financial statements of the Company because of the aforesaid matters. The Directors, including the members of the audit committee of the Company, the management, and the auditor of the Company had reviewed and assessed plans and measures to improve the Group's liquidity and financial performance. Details of the going concern and mitigation measures of the Group are set out in section "Management Discussion and Analysis" on pages 6 to 10 and note 2 to the financial statements.

DIVIDEND

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

PROSPECT

2024 was a year full of challenges for China's real estate market. As the population enters an era of negative growth and urbanization enters an advanced stage, the supply and demand relationship in China's real estate market has changed, and the industry as a whole has shown a complex and changeable trend. In 2024, China's real estate market as a whole continued to show a trend of adjustment. In the first three quarters, new home sales dropped significantly year-on-year. The "price-for-volume" exchange of second-hand homes drove the market to maintain a certain level of activity, but the market also cooled down in September. The real estate industry has experienced a difficult time, facing obstacles to financing, downward market transactions, strong regulation of pre-sale funds, and continued liquidity constraints, which caused the industry to enter a period of deep adjustment.

Given the challenges of short-term stabilization and long-term transformation, the Group predicts that China's economy will still go through a process of highs and lows in 2025, and there is uncertainty in the recovery of the overall economic situation. The downturn in real estate supply and demand will remain weak, while market confidence will take some time to recover. And as long as the economic situation and expectations do not change, the high pressure on real estate companies' operations will remain unchanged, and tight cash flow is still a pain point that companies must face.

Letter to Shareholders

In the hotel and cultural tourism business, although consumer confidence may still be dampened by the weaker-than-expected economic outlook and deteriorating global economic prospects, 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 expects to maximise the value of the Company and create greater value for its shareholders through the introduction of new businesses.

The Group will adhere to prudent financial policies, step by step and systematically reduce the total scale of debt through project sales, disposal of existing assets and the reorganization and replacement of non-performing debts, make every effort to improve the Group's debt structure, and increase long-term low-interest liabilities in a timely manner, so as to effectively avoid financial risks and operating pressure, ensure the safety of overall financial funds, and achieve the sustainable, healthy and stable development of the enterprise.

ACKNOWLEDGMENT

On behalf of the Board, we would like to extend our sincere appreciation to all members of the Board, our staff, valued customers, business partners, bankers, and shareholders for their continuous support. We would also like to compliment the management and staff for their genuine and valuable dedication towards the development of the Group.

YANG Lijun

Chairman

Hong Kong, 28 March 2025

Management Discussion and Analysis

BUSINESS REVIEW

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PROPERTY DEVELOPMENT SEGMENT

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

Management Discussion and Analysis

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.

Management Discussion and Analysis

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\$301.1 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Biographies of Directors and Senior Management

DIRECTORS

YANG Lijun

Mr. Yang Lijun (“Mr. Yang”), aged 50, is the Chairman of the Board and an executive Director of the Company. Mr. Yang is also the Chairman of the Executive Committee of the Board. Mr. Yang had been the Chairman of the Board since May 2017 and was re-designated as the Co-chairman of the Board in August 2019. Mr. Yang has been re-designated as the Chairman of the Board since 1 June 2020. Mr. Yang is also directors of certain subsidiaries of the Company. Mr. Yang has more than 20 years’ experiences in property development, property investment and property management businesses in Hong Kong and the PRC. From 2004 to 2013, Mr. Yang was the president of 中山大南集團有限公司 (Zhongshan Danan Group Limited) (“Zhongshan Danan”). From 2014 to 2017, Mr. Yang was the president of 中山富元控股集團有限公司 (Zhongshan Fuyuan Holdings Group Limited) (“Zhongshan Fuyuan”). Mr. Yang is also the director and controlling or substantial shareholder of certain private companies, namely Yang’s Development Limited and Affluent Splendid Investment Holdings Limited both of which engage in property investment and development businesses in the PRC. Mr. Yang is directly interested in 100% shares of Jade Leader International Investment Limited (“Jade Leader”) and 100% shares of Honor Huge Investment Holdings Limited (“Honor Huge”), which own as to 100% interest in shares of All Great International Holdings Limited (“All Great”), which owned as to 38.12% interest in the issued shares of the Company. Mr. Yang also personally holds 25,488,000 shares of the Company. Mr. Yang is a sole director of Jade Leader, Honor Huge and All Great, respectively.

GAO Jingyao

Mr. Gao Jingyao (“Mr. Gao”), aged 51, graduated from Sun Yat-Sen University major in Business Administration. Mr. Gao also obtained a degree in Master of Business Administration from Jinan University. Mr. Gao had over 20 years’ working experiences in financial services industry. From 2001 to 2014, Mr. Gao was employed by Industrial and Commercial Bank of China, and was the principals in certain sub-branches in Zhongshan City, general manager of Business Department of Zhongshan Branch and deputy principal of Maoming Branch. From 2014 to January 2021, Mr. Gao was employed by Hua Xia Bank, and was the general manager of Sales Department of Guangzhou Branch and principal of Zhongshan Branch. Mr. Gao had resigned as an executive Director on 19 February 2025.

TAM Ka Wai

Mr. Tam Ka Wai (“Mr. Tam”), aged 36, graduated from the Huaqiao University in Fujian Province, the PRC with a bachelor’s degree in Economics. Mr. Tam has extensive experience in business operation, development, marketing and management. Prior to joining the Company, Mr. Tam has been appointed as a director of Golden Shining Investment Limited, a company specialising in travel business, since January 2014, and a director of GBA Cultural Residence Holdings Limited, an investment holding company, since October 2018. Mr. Tam is responsible for overseeing the day-to-day operations, formulating operational strategies and business management of the aforementioned companies. As at the date of this report, Mr. Tam personally owns 5,000,000 shares of the Company.

Biographies of Directors and Senior Management

WONG Yuk Lun, Alan

Mr. Wong Yuk Lun, Alan (“Mr. Alan Wong”), aged 50, graduated from the University of Sunderland with a bachelor’s degree in Accounting and Finance. Mr. Alan Wong had been working with various accounting firms and commercial companies, and has over 20 years of experience in merger and acquisitions, financial management, taxation, audit and non-audit services. Mr. Alan Wong has also served as an independent non-executive director of Smart City Development Holdings Limited (stock code: 8268) since July 2019, and Kin Shing Holdings Limited (stock code: 1630) since December 2021, the issued shares of all of which are listed on the Stock Exchange, Mr. Alan Wong has also served as an independent non-executive director of Temir Corp. (stock code: TMRR) since July 2019, the issued shares of which are traded on the OTC Securities Marketplace in the United States of America. Mr. Alan Wong was formerly an independent non-executive director of Huisheng International Holdings Limited (stock code: 1340) from July 2017 to February 2024, and as an executive director of NOVA Group Holdings Limited (stock code: 1360) from July 2020 to January 2025, and chief executive officer and chairman from April 2023 to January 2025, the issued shares of which are listed on the Stock Exchange.

CHAN Hoi Ling

Ms. Chan Hoi Ling (“Ms. Cheryl Chan”), aged 51, has been appointed an independent non-executive Director of the Company since October 2010. She graduated from the University of South Australia with a Bachelor’s Degree in Accountancy, the Hong Kong Polytechnic University with a Master’s Degree in Business Administration, and the University of Hong Kong with a Master of Laws in Compliance and Regulation. She has extensive experience in auditing and accounting. Ms. Cheryl Chan was admitted as an associate member of the Hong Kong Institute of Certified Public Accountants and the Australian Society of Certified Practising Accountants.

SO Wai Lam

Ms. So Wai Lam (“Ms. So”), aged 43, has been appointed as an independent non-executive Director of the Company since October 2010. She holds a Bachelor’s Degree in Science with double majors in Mathematics and Statistics from the University of British Columbia in Canada and a Master’s Degree in Finance from the University of Hong Kong. Ms. So has over 16 years of experience in the corporate finance industry. She is a responsible officer of INCU Corporate Finance Limited, a licensed corporation which carries out Type 6 (Advising on corporate finance) regulated activity under the Securities and Futures Ordinance. Ms. So had resigned as an independent non-executive Director on 31 July 2024.

Biographies of Directors and Senior Management

CHAN Chu Hoi

Ms. Chan Chu Hoi (“Ms. Ella Chan”), aged 63, is a member of the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Ms. Ella Chan has over 20 years’ experience in financial management, accounting, internal control and auditing. Prior to joining the Company, Ms. Ella Chan worked as an accounting and administrative manager of a subsidiary of Exide Technologies, a company listed on NASDAQ (stock code: XIDE) from August 1999 to December 2010. Ms. Ella Chan was also appointed as a manager of an accounting firm in Hong Kong from February 2011 to February 2014. During her tenure of services in the accounting firm, Ms. Ella Chan was responsible to carry out audit and assurance services, and set up and implement the quality control policy of the firm. From March 2014 to May 2015, Ms. Ella Chan worked as a senior accounting manager at a property investment company in Hong Kong. From June 2015 to April 2017, Ms. Ella Chan was appointed as a senior manager of the securities division of a subsidiary of the Company. From November 2019 to November 2022, Ms. Ella Chan was appointed as an independent non-executive director of China Resources and Transportation Group Limited (Stock Code: 0269), the issued shares of which are listed on the Stock Exchange. From May 2020 to July 2020, Ms. Ella Chan was appointed as an independent non-executive director of China Gem Holdings Limited (Stock Code: 1191), the issued shares of which are listed on the Stock Exchange. Ms. Ella Chan had resigned as an independent non-executive Director on 1 March 2025.

TSUI Wai Ting, Rosalie

Ms. Tsui Wai Ting Rosalie (“Ms. Tsui”), aged 36, was appointed as an independent non-executive Director of the Company on 31 July 2024. Ms. Tsui obtained the Bachelor’s Degree in Accounting from the Hong Kong Baptist University. Ms. Tsui is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants. Ms. Tsui has over 13 years of experience in accounting, auditing, taxation, financial management, compliance, and company secretarial work. Ms. Tsui had worked for various accounting firms and commercial companies. Currently, Ms. Tsui was appointed as the company secretary of Kin Shing Holdings Limited (stock code 1630) since 20 August 2018. Ms. Tsui has started to assist the financial controller of Kin Shing Holdings Limited since March 2018.

SENIOR MANAGEMENT

CHU Hoe Tin

Mr. Chu Hoe Tin (“Mr. Chu”), aged 42, was appointed as the Group Financial Controller, Company Secretary and Authorised Representative of the Company on 15 February 2025. Mr. Chu is also the director of one subsidiary of the Company. Prior to joining the Company, Mr. Chu had been working with a few companies listed on the Stock Exchange. Mr. Chu has over 19 years of professional experience in accounting, auditing, taxation and corporate secretarial. Mr. Chu graduated from the Napier University, United Kingdom and obtained a Bachelor of Arts (Hons) in accounting. Mr. Chu obtained the degree of Master of Corporate Governance by the Hong Kong Metropolitan University. Mr. Chu is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Chartered Governance Institute.

Report of the Directors

The Directors present their report and the audited consolidated financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

During the year, the Group was principally engaged in properties development and hotel business in Mainland China (“the People’s Republic of China” or the “PRC”). Details of the principal activities of the principal subsidiaries are set out in the note 46 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements from pages 71 to 143.

No dividends have been declared in respect of the year.

BUSINESS REVIEW

The fair review of the business performance and financial position of the Group for the year ended 31 December 2024, the discussion of possible new business development, principal risks and uncertainties surrounding the Group’s operational environment and important events subsequent to the year-end are provided in the Management Discussion and Analysis and Letter to Shareholders of this annual report. It is the philosophy of the Group to make every endeavour to comply with relevant laws and regulations which can be found throughout this annual report. Apart from that, below section is a review of business by financial key performance indicators which highlight further information about the performance of the Group.

Analysis of Business by Financial Key Performance Indicators

For the year ended 31 December 2024 and 2023, the profitability of the Group was as below:

Profitability	2024	2023
Net loss margin ratio	107.36%	67.02%
Return on equity ratio	(664.75)%	(172.06)%

Return to shareholders	2024	2023
Loss per share —basic	HK2.65 cents	HK2.65 cents
Loss per share — diluted	N/A	N/A

As at 31 December 2024 and 2023, current ratio of the Group was as below:

Liquidity and debt	2024	2023
Current ratio	0.76	1.20
Gearing ratio	N/A	2,005.9%

GOING CONCERN AND MITIGATION MEASURES

Details of the going concern and mitigation measures of the Group are set out in section “Management Discussion and Analysis” on pages 6 to 10 and note 2 to the financial statements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Board of the Group recognizes the importance of mitigating the environmental impact of its operations and creating value for the communities in which it operates to ensure long-term growth. The Group actively monitors and assesses the risks and opportunities associated with environmental, social, and governance (ESG) issues, considering their relevance to the Group’s property development and hotel business investments.

The Board has taken overall responsibility for defining an ESG strategy that aligns with the Group’s operations. They also oversee the management of risks related to material ESG topics, including occupational health and safety, customer satisfaction, environmental compliance, and talent development. These significant ESG components are managed by a senior management team, supported by department heads who are responsible for identifying and addressing ESG-related risks and opportunities, including those related to climate change, in day-to-day operations.

A detailed account of the Group’s ESG performance will be provided in the eighth ESG report, specifically on pages 42 to 67 of the annual report. The report will outline the Group’s environmental policies, confirm compliance with relevant laws and regulations, and explain the engagement strategies employed with key stakeholder groups.

Environmental Policies

The Group primarily operates from its headquarters in Hong Kong, and its overall environmental impact is minimal. Nonetheless, we remain committed to running our workplace in an environmentally conscious manner by promoting energy conservation and optimal resource utilization among our staff.

Recognizing the potential adverse effects of climate change on our daily operations, the Group has established a climate change policy. This policy aims to manage the risks associated with climate change, particularly in relation to extreme weather events that may occur throughout the year. The Group regularly reviews and evaluates its Climate Change Policy, ensuring its adaptability and resilience in the face of climate change impacts on both its workforce and business activities. By proactively addressing climate change risks, the Group strives to safeguard its operations and maintain long-term sustainability.

The Group has granted a sub-license for the operation of our hotel facilities, specifically La Palazzo Hotel in Maoming, Guangdong, PRC, to a hotel operator. We can confirm that the operator strictly adheres to established rules, procedures, and processes for managing the hotel’s environmental performance. We ensure that the hotel operator stays updated on the latest national regulations pertaining to ESG and that all operations are conducted in compliance with applicable regulations.

During the year, our hotel operations have successfully maintained emissions of air pollutants and greenhouse gases within the statutory limits set by the Environmental Protection Bureau. We prioritize environmental responsibility and aim to mitigate the environmental impact associated with our hotel operations.

The hotel implements sustainable practices by recycling the swimming pool water for sanitary purposes and adopting environmental-friendly methods for linen washing. The management team is actively involved in promoting energy conservation goals and ensuring that all employees are motivated to follow environmentally friendly work practices.

Report of the Directors

Compliance with laws and regulations

The Group is committed to strict compliance with all relevant laws, including the Environmental Protection Tax Regulation, the Law of the PRC on Prevention and Control of Environmental Pollution of Solid Waste, as well as regulations addressing environmental noise pollution, air pollution, and water pollution. The management of the Group recognizes the importance of promptly adapting to changes in these regulations to uphold its reputation, operational efficiency, and financial performance.

During the year, the Group has maintained full compliance with environmental laws and regulations concerning air and greenhouse gas emissions, water and land discharges, as well as the management and disposal of both hazardous and non-hazardous waste. There have been no instances of non-compliance with these environmental regulations.

As a listed company, the Group is obligated to comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Codes on Takeovers, Mergers, and Share Buybacks, the Companies Law of the Cayman Islands, and the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). We diligently adhere to all provisions outlined in these regulations and ensure that both our own operations and those of the hotel operator align with the legal requirements set forth by the relevant statutes.

Key Relationships with Stakeholders

Our main stakeholder groups include customers, employees, shareholders, local communities, governments, non-governmental organizations, national and international trade associations, and suppliers. The Group recognizes the importance of engaging and responding to these stakeholders as a crucial aspect of succeeding in the ESG framework, which is fundamental in today's business environment.

We actively engage with our main stakeholder groups through various channels, such as annual general meetings, corporate websites, and annual reports. These platforms provide opportunities for communication, feedback, and transparency, allowing us to understand and address their concerns and expectations effectively. By fostering meaningful and ongoing dialogue, we strive to build strong relationships and align our business practices with the interests and values of our stakeholders.

Employees

The key driver of our business growth is our efficient and dedicated team, comprising talented individuals. The Group firmly believes that fair, just, and transparent employment rules and procedures are crucial for attracting, retaining, and motivating high-quality employees. We have implemented a comprehensive approach to ensure that grievances are addressed equitably, and our employees have access to appropriate channels for reporting any integrity-related concerns.

Our human resources staff strictly adheres to the Hong Kong Labour Ordinance and Chinese Labor Laws in terms of practices, policies, and plans. We have an employee handbook that explicitly prohibits any form of corruption, blackmail, fraud, or money laundering. To the best of our knowledge, there have been no instances of significant non-compliance with laws and regulations related to employment, labor practices, and occupational health and safety that have had an impact on the Group.

Customers

The Company, in collaboration with the hotel operator, works diligently to ensure customer satisfaction by providing clients with the best products and services. A standard operating system is in place to address and resolve any grievances or complaints from hotel guests. The execution of this system is overseen either by the highest-ranking executive on duty at the time or by the hotel manager.

The privacy of hotel guests' data is strictly protected to ensure that no personal information is disclosed to third parties. Only authorized senior personnel have access to complete guest information.

The Group's hotel has been approved by provincial authorities as a Grade A establishment in terms of catering, food safety, and public health. The hotel operator adheres to the "Guangdong Provincial Food Safety Regulations" and related policies and guidelines. The use of food additives is strictly regulated in accordance with the "Use of Food Additives Standards."

Suppliers

The Group ensures that its suppliers meet the required standards and legal obligations for environmental and social performance. We have a supplier code of conduct that includes corporate responsibility standards, which is used to select and evaluate suppliers. It is the responsibility of the hotel operator to collaborate with suppliers who uphold business ethics, operate transparently, and adhere to standards consistent with our own.

Furthermore, we maintain a list of bulk raw material providers to ensure a smooth supply of inputs. We regularly audit their operating licenses and quality assurance methods to ensure compliance.

REMUNERATION POLICY

As at 31 December 2024, the Group had 90 employees who were administrative and managerial staff. 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. Apart from offering competitive remuneration packages to employees, the Group also offers post-retirement benefits, discretionary bonuses and share options to eligible directors and staff of senior management based on individual performance.

Currently, the Group continues to implement its overall human resources training and development programme and encourages employees to equip themselves with the necessary knowledge, skills and experience to deal with the existing and future requirements and challenges.

The Remuneration Committee reviews, on an annual basis, remuneration packages offered to Directors and employees with reference to the prevailing market conditions, the experience of the Directors or employees and individual performance.

TAX RELIEF

The Company is not aware of any tax relief available to the Shareholders by reason of their holdings in the Company's securities.

Under current practice of the Hong Kong Inland Revenue Department, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Report of the Directors

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years are set out on pages 145 to 146.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Group during the year are set out in note 36 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company during the year are set out in note 37 to the consolidated financial statements, and of the Group during the year are set out in the consolidated statement of changes in equity on page 75.

DISTRIBUTABLE RESERVES

At 31 December 2024, the Company had no reserves available for cash distribution and/or distribution in specie, calculated in accordance with the Companies Law (2018 Revision) of the Cayman Islands.

SHARE OPTION SCHEME

Particulars of the share option scheme of the Company are set out in note 45 to the consolidated financial statements.

HOTEL OPERATING RIGHTS AGREEMENTS

On 15 March 2017, the Group entered into two hotel operating rights agreements with two hotel operating rights holders, which were independent third parties (the "Hotel Operating Rights Agreements"). Under the Hotel Operating Rights Agreements, the hotel operating rights holders are granted the rights to operate and manage the Group's hotel in Maoming City, the PRC (the "Hotel") and the Group is entitled to receive an aggregate fixed monthly fee of RMB1 million plus a royalty fee calculated on the basis of 10% of the net profits generated by the Hotel each month. The Hotel Operating Rights Agreements will expire on 8 June 2026. For the year ended 31 December 2024, licensing income of the Group represented approximately of 0.3% of the total revenue of the Group. None of the Directors is interested in the Hotel Operating Rights Agreements.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue attributable to the Group's five largest customers shared more than 11.4% of the total revenue of the Group in the year and the aggregate revenue attributable to the largest customer included therein shared more than 3.3% of the total revenue of the Group. The aggregate purchases attributable to the Group's five largest suppliers shared more than 20.7% of the total purchases of the Group in the year and aggregate purchases attributable to the largest supplier included therein shared more than 6.7% of the total purchases of the Group. None of the Directors, their close associates or any shareholder of the Company owned more than 5% issued shares of the Company was interested in such customers and suppliers.

DIRECTORS

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

Executive Directors:

Mr. YANG Lijun (*Chairman & Chief Executive Officer*)
Mr. GAO Jingyao (resigned on 19 February 2025)
Mr. TAM Ka Wai

Non-Executive Director:

Mr. WONG Yuk Lun, Alan

Independent Non-Executive Directors:

Ms. CHAN Hoi Ling
Ms. TSUI Wai Ting, Rosalie (appointed on 31 July 2024)
Ms. SO Wai Lam (resigned on 31 July 2024)
Ms. CHAN Chu Hoi (resigned on 1 March 2025)

In accordance with Articles 106, 107 and 112 of the Company's Articles of Association, Mr. Yang Lijun, Ms. Chan Hoi Ling and Ms. Tsui Wai Ting, Rosalie shall retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. Besides, Ms. Chan Hoi Ling, being independent non-executive director, has served the Company for more than nine years. Pursuant to the Corporate Governance Code of the Listing Rules, she will be subject to separate resolutions to be approved at the forthcoming annual general meeting.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors since the disclosure made in the Interim Report 2024 and up to the date of this annual report of the Company are set out below:

Name of Director(s)	Detail(s) of Change
Ms. CHAN Chu Hoi	She 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 on 1 March 2025.
Mr. GAO Jingyao	He resigned as an executive director and a member of the Executive Committee on 19 February 2025.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which was not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Report of the Directors

DIRECTORS' INTERESTS IN CONTRACTS

No Director or any of his/her connected entity had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party subsisting during the year or as at 31 December 2024.

There was no contract of significance to the business of the Group made between the Company or any of its subsidiaries and controlling shareholder of the Company during the year or as at 31 December 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2024, Mr. Yang, the executive Director and chief executive officer of the Company and chairman of the Board, declared his interests in the following private companies with businesses which competed or were likely to compete, either directly or indirectly, with the businesses of the Group:

Name of companies	Nature of businesses considered to compete or likely to compete with the business of the Group	Nature of interest in those companies during 2024
Yang's Development Limited ("Yang's")	Property investment and development in the PRC	Mr. Yang had certain direct interests in Yang's, in which Mr. Yang was a controlling shareholder, director, and directors of certain subsidiaries of Yang's.
Affluent Splendid Investment Holdings Limited ("Affluent")	Property investment in the PRC	Mr. Yang had certain indirect interests in Affluent, in which Mr. Yang was a controlling shareholder and director.

The above-mentioned businesses have been managed either by the management and administration teams of the respective private companies, or by other outsourced independent professionals. The Directors of the Company acknowledge their responsibilities to act honestly and in the best interests of the Company while acting on behalf of the Group, and will do all such things and measures to avoid conflicts of interest arising. Apart from that, the independent non-executive Directors of the Company will assist in monitoring the operations of the Group to ensure that businesses of Group can be operated independently and will not be affected by the operations of the above-mentioned private companies. Thus, the interest of the Company's shareholders can be adequately represented.

Throughout the year of 2024, the Board comprised three independent non-executive Directors, all being members of audit committee.

Save as disclosed above, none of the Directors is considered to have interests in the business which competed or is likely to compete with the businesses of the Group.

Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

The Directors are entitled to grant of options under Share Option Scheme of the Company. Save for the aforesaid, at no time during the year was the Company, or any of its subsidiaries a party to any arrangement the object of which was to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN THE SECURITIES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"), were set out below:

Name of Director	Name of Company	Capacity	Notes	Number of ordinary shares held	Percentage of issued ordinary shares
Yang Lijun	The Company	Held by controlled corporations	1	2,930,475,152	38.12%
	The Company	Beneficial owner		25,488,000	0.33%
TAM Ka Wai	The Company	Beneficial owner		5,000,000	0.07%

Note:

- As at 31 December 2024, All Great International Holdings Limited ("All Great") was owned as to 51% by Jade Leader International Investment Limited ("Jade Leader"), 35% by Honor Huge Investment Holdings Limited ("Honor Huge") and 14% by Ever Star International Investment Limited ("Ever Star"). Mr. Yang Lijun, an executive Director of the Company and the Chairman of the Board, was the sole beneficial owner of Jade Leader. Mr. Yang Lijun was the sole ultimate beneficial owner of the entire issued share capital of each of Honor Huge and Ever Star, which was interested in 35% and 14% of the issued share capital of All Great respectively. Accordingly, Mr. Yang Lijun was deemed to be interested in the 2,930,475,152 shares of the Company held by All Great pursuant to the SFO.

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

Report of the Directors

PERSONS HOLDING 5% OR MORE INTERESTS

As at 31 December 2024, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions in the shares of the Company:

Name of Shareholders	Capacity	Notes	Number of ordinary shares held	Percentage of issued ordinary shares
All Great International Holdings Limited	Beneficial owner	2	2,930,475,152	38.12%
Jade Leader International Investment Limited	Held by controlled corporation	2	2,930,475,152	38.12%
Honor Huge Investment Holdings Limited	Held by controlled corporation	2	2,930,475,152	38.12%
Lin Rujie	Interest of Spouse	3	2,955,963,152	38.45%
Huang Anfeng	Held by controlled corporation	4	1,312,712,000	17.07%
Bright Goal Investment Holding Limited	Beneficial owner	4	1,312,712,000	17.07%
Huang Anfeng	Beneficial owner		17,368,000	0.23%
High Summit Global Limited	Beneficial owner	5	746,896,000	9.72%
Chen Kaijun	Held by controlled corporation	5	746,896,000	9.72%

Notes:

- As at 31 December 2024, All Great was owned as to 51% by Jade Leader, 35% by Honor Huge and 14% by Ever Star. Mr. Yang Lijun, an executive Director of the Company and the Chairman of the Board, was the sole beneficial owner of Jade Leader. Mr. Yang Lijun was the sole ultimate beneficial owner of the entire issued share capital of each of Honor Huge and Ever Star, which was interested in 35% and 14% of the issued share capital of All Great respectively. Mr. Yang Lijun, Jade Leader and Honor Huge were deemed to be interested in the 2,930,475,152 shares of the Company held by All Great pursuant to the SFO, and such number of shares had duplicated with equivalent number of shares as disclosed in note 1 to the section headed "Directors' interests in the securities and debentures of the Company and its associated corporations" above.
- Ms. Lin Rujie, spouse of Mr. Yang Lijun was deemed to be interested in the shares of the Company deemed to be interested by Mr. Yang Lijun, an executive Director and Chairman of the Board.
- As at 31 December 2024, Mr. Huang Anfeng was interested in 100% issued share capital of Bright Goal Investment Holding Limited.
- As at 31 December 2024, Ms. Chen Kaijun was interested in 100% issued share capital of High Summit Global Limited.

Report of the Directors

Independent Auditor's Report on the Company's Consolidated Financial Statements for the year ended 31 December 2024

As disclosed in sections headed "Basis for Disclaimer of Opinion" and "Disclaimer of Opinion" in independent auditor's report contained on pages 68 to 70 of this report, the auditor of the Company did not express an audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2024 as the Group incurred net loss approximately of HK\$232,075,000 for the year ended 31 December 2024. 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 of HK\$8,656,000.

The Board's Response to the Auditor's Opinion

With respect to the matters described in the section headed "Basis for Disclaimer of Opinion" in the Independent Auditor's Report, the Board has given careful consideration to the future liquidity and performance of the Group and has 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.

DIVIDEND POLICY

It is the Board's discretion to declare or recommend distribution of dividends, which depends on the financial performance, working capital requirements, future business plans and the funding requirements of the Group, external economic factors and Shareholders' interests.

SIGNIFICANT CONTRACT WITH CONTROLLING SHAREHOLDERS

The Group and the controlling shareholders of the Company did not enter into any contract of significance during the year of 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.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Report of the Directors

INDEMNITY PROVISION

During the year of 2024, the Company had arranged appropriate insurance coverage in force on Director's liabilities in respect of potential legal liabilities against them.

CODE OF CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules throughout the accounting period covered by the annual report save for the deviations as disclosed in the Corporate Governance Report from pages 25 to 41.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at 28 March 2025, being the date of this report, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

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 has met with the auditors of the Group and the Company's management to review the accounting principles and practices adopted by the Company, the effectiveness of internal systems and controls of the Group, and the audited financial statements of the Group for the year ended 31 December 2024.

AUDITOR

The consolidated financial statements for the year were audited by CCTH CPA Limited who will retire and being eligible, offer itself for re-appointment as the auditor of the Company at the forthcoming annual general meeting of the Company.

There has been no change in the auditor of the Company during the past three years.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 29 May 2025 to Tuesday, 3 June 2025 (both days inclusive), for the purpose of determining the entitlement of the shareholders of the Company to attend and vote at the annual general meeting of the Company. No transfer of shares during the said period will be registered. In order to qualify to attend and vote at the meeting, all completed transfer forms, accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Center, 16 Harcourt Road, Hong Kong for registration, not later than 4:30 p.m. on Wednesday, 28 May 2025.

On behalf of the Board

YANG Lijun
Chairman

Hong Kong, 28 March 2025

Corporate Governance Report

The board (the “Board”) of directors (“Director(s)”) hereby presents the Corporate Governance Report for the year ended 31 December 2024.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Compliance with Code on Corporate Governance Practices

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independency. The Board believes that good corporate governance is essential to the success of the Company and to the enhancement of shareholders’ value.

The Company adopts the principles and code provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Listing Rules as the basis of the Company’s corporate governance practices.

Throughout the year of 2024, the Company has applied the principles of and complied with the applicable code provisions as set out in Appendix C1 of the Listing Rules, except for code provision C.2.1.

BOARD

Board Composition

During the year of 2024, the Board comprised seven Directors, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors (“INEDs”). The composition of the Board during the year of 2024 was set out as follows:

Executive Directors Mr. YANG Lijun (*Chairman and Chief Executive Officer*)
 Mr. GAO Jingyao (*resigned on 19 February 2025*)
 Mr. TAM Ka Wai

Non-executive Director Mr. WONG Yuk Lun, Alan

INEDs Ms. CHAN Hoi Ling
 Ms. SO Wai Lam (*resigned on 31 July 2024*)
 Ms. CHAN Chu Hoi (*resigned on 1 March 2025*)

An updated list of the Company’s Directors, their roles and functions can be found from the Company’s website at www.cctagroup.com.hk and the Stock Exchange’s website at www.hkex.com.hk.

The name of each INED was identified in all corporate communications of the Company.

Biographical details of the Directors and the senior management of the Group are set out in the section headed “Biographies of Directors and Senior Management” in this annual report.

The Company also received from each of the Directors annual confirmations that there is no financial, business, family or other material/relevant relationships between Board members, and all the Directors have sufficient time and attention to the affairs of the Company.

Corporate Governance Report

Chairman and Chief Executive Officer

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.

On 5 February 2021, Mr. Yang, the chairman and an executive Director of the Company, was appointed as 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.

Non-executive Directors

Under code provision B.2.2 of the CG Code, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

During the year of 2024, all the non-executive Directors including INEDs were appointed for a specific term of one year subject to retirement by rotation and re-election at the annual general meeting (“AGM”) of the Company in accordance with the articles of association (“Articles of Association”) of the Company.

INEDs

Throughout the year of 2024, the Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. Rule 3.10(1) requires that every board of directors of a listed issuer must include at least three INEDs, Rule 3.10(2) requires that at least one of the INEDs must have appropriate professional qualifications or is accounting or related financial management expertise, and Rule 3.10A requires that an issuer must appoint independent non-executive directors representing at least one-third of the board. At all time during the year of 2024, all INEDs met the guidelines for assessment of their independence as set out in Rule 3.10 of the Listing Rules.

During the year of 2024, the INEDs, Ms. Chan Hoi Ling and Ms. So Wai Lam (resigned on 31 July 2024) had served the Company for more than nine years, during the tenure of offices they provided the Company with a wide range of expertise, skills, impartial views, comments, and independent judgment on issues of strategic directions, development, financial performance and risk management through their contribution at attending the Board meetings and Committee meetings. They have not taken part in the day-to-day management of the Company.

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.

The Company also received from each of the INEDs a confirmation of independence for the year of 2024 pursuant to Rule 3.13 of the Listing Rules.

Further, up to the date of this Report, the Board has not been aware of the occurrence of any events which would cause it to believe that their independence has been impaired. The Company considers such Directors to be independent.

Appointment and Re-election of Director

According to the Articles of Association of the Company and at the annual general meeting in each year, one-third of the Directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the conclusion of the meeting or adjourned meeting at which he/she is due to retire.

In the annual general meeting of the Company held on 4 June 2024 (“2024 AGM”), Mr. Gao Jingyao, Ms. Chan Hoi Ling and Ms. So Wai Lam, not less than one-third of the Directors for the time being, retired and offered themselves for re-election.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board meets regularly to discuss the overall strategy as well as the operations and financial performance of the Group, and to review and approve the Group’s annual and interim results.

The Board has reserved for its decisions or consideration of matters covering mainly the Group’s overall strategy, annual operating budget, annual and interim results, recommendations on Directors’ appointment or re-appointment, material contracts and transactions, other significant policies, corporate governance, and financial related matters. The Board has delegated the day-to-day responsibility to the executive Directors and the management.

Regular Board meetings each year are scheduled in advance to facilitate maximum attendance of Directors. At least a 14 days’ notice period for a regular Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The company secretary assists the chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comments before being tabled at the following Board meeting for approval. All minutes are kept by the company secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

According to the current Board practice, if a substantial shareholder or a Director has a 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 Articles of Association of the Company also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his/her associates have a material interest.

During the year of 2024, the Board has established a mechanism to ensure a strong independent element on the Board of the Company, which allows the Board to effectively exercise independent judgment, better safeguard shareholders’ interests, and maintain and improve the Board performance. The mechanism mainly covers:

- (i) the establishment of term of reference of the nomination committee (the “Nomination Committee”) to identify suitable candidates, including independent non-executive directors, for appointment as Directors;
- (ii) the process and criteria of identifying, selecting, recommending, cultivating and integrating new directorship;
- (iii) annual assessment of the independence of INEDs;

Corporate Governance Report

- (iv) the entitlement of each Director to seek independent professional advice in performing their duties at the Company's expense;
- (v) the entitlement of each Director to access to Board papers and related materials, and seek for the advice and services of the company secretary or senior management;
- (vi) setting out the reasons for proposing a resolution to elect an individual as an INED at the general meeting in the circular to the shareholders; and
- (vii) putting the annual review of the Board's independence as an on-going exercise of the Company.

The Company has arranged appropriate directors and officers liability insurance in respect of legal action against them.

Directors' Attendance Record at Meetings

Pursuant to the code provision C.5.1 of the CG Code, the board of issuers should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. For the year ended 31 December 2024, there were four (4) board meetings held. The Directors were well acknowledged of the operations and financial performance of the Group for the year under review.

The individual attendance record of each Director at the meetings of the Board, Remuneration Committee, Audit Committee, Nomination Committee and general meetings during the year ended 31 December 2024 are set out below:

Name of Directors	Number of meetings attended/held						Annual General Meetings
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Executive Committee	Chairman and INEDs	
Executive Directors							
YANG Lijun (Chairman and Chief Executive Officer)	4/4	-	-	-	-	1/1	1/1
GAO Jingyao (resigned on 19 February 2025)	3/4	-	-	-	-	-	1/1
TAM Ka Wai	4/4	-	-	-	-	-	0/1
Non-executive Director							
WONG Yuk Lun, Alan	4/4	-	-	-	-	-	1/1
INEDs							
CHAN Hoi Ling	4/4	3/3	2/2	2/2	-	1/1	1/1
SO Wai Lam (resigned on 31 July 2024)	2/2	1/1	1/1	1/1	-	1/1	0/1
CHAN Chu Hoi (resigned on 1 March 2025)	4/4	3/3	2/2	2/2	-	1/1	1/1
TSUI Wai Ting, Rosalie (appointed on 31 July 2024)	1/2	1/2	1/1	1/1	-	-	-

The procedures and arrangements for a Board meeting, as mentioned in the section headed "Board" of this report, have been adopted for the committee meetings so far as practicable.

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Continuous Professional Development of Directors

On appointment to the Board, each Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other regulatory requirements.

The Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, Companies Ordinance/Act and corporate governance practices organised by professional bodies, independent auditors and/or chambers in Hong Kong so that they can continuously update and further improve their relevant knowledge and skills. From time to time, Directors are provided with written training materials to develop and refresh their professional skills.

According to the records maintained by the Company, the Directors received the following training and/or regulatory updates with an emphasis on the roles, functions, and duties of a director of a listed company in order to comply with the requirements of the CG Code on continuous professional development during the year ended 31 December 2024.

Name of Directors	Reading regulatory updates	Attending trainings/ briefings/ seminars/ conferences relevant to Directors' duties
Executive Directors		
YANG Lijun (<i>Chairman and Chief Executive Officer</i>)	✓	
GAO Jingyao (<i>resigned on 19 February 2025</i>)	✓	
TAM Ka Wai	✓	
Non-executive Director		
WONG Yuk Lun, Alan	✓	
INEDs		
CHAN Hoi Ling	✓	✓
SO Wai Lam (<i>resigned on 31 July 2024</i>)	✓	✓
CHAN Chu Hoi (<i>resigned on 1 March 2025</i>)	✓	✓
TSUI Wai Ting, Rosalie (<i>appointed on 31 July 2024</i>)	✓	✓

All Directors confirmed that they had complied with code provision C.1.4 of the CG Code on directors' continuous professional development for the year ended 31 December 2024.

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Financial Reporting

The Board acknowledges its responsibilities of the preparation of the financial statements of the Group in accordance with statutory requirements and applicable accounting standards, and to report on material uncertainties, if any, relating to events or conditions that may cast significant doubt upon the Group's ability to continue preparing the accounts on a going concern basis. The Board also ensure the timely publication of the financial statements of the Group.

The statement of external auditor of the Company, CCTH CPA Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report.

The Board confirms that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt about the Company's ability to continue preparing the financial statements on the assumption that the Group will continue as a going concern.

BOARD COMMITTEES

The Board has established various committees, including a Remuneration Committee, an Audit Committee, a Nomination Committee and an Executive Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the company secretary, are circulated to all Board members and the committees are required to report to the Board on their decision and recommendations where appropriate.

Audit Committee

The Audit Committee has been established since March 1999. Throughout the year 2024, the Audit Committee consisted of three members namely, Ms. CHAN Hoi Ling (Chairman of the Audit Committee), Ms. SO Wai Lam (resigned on 31 July 2024), Ms. CHAN Chu Hoi (resigned on 1 March 2025) and Ms. TSUI Wai Ting, Rosalie (appointed on 31 July 2024), all being the INEDs.

The Company has complied with Rule 3.21 of the Listing Rules, which requires that at least one of the members of the Audit Committee possesses appropriate professional qualifications or accounting or financial management related expertise.

The main responsibilities of the Audit Committee are to review the financial statements and the auditors' reports and monitor the integrity of the financial statements. Other responsibilities include the appointment of auditor, approval of the auditor's remuneration, discussion of audit procedures and any other matters arising from the above. The Audit Committee is also charged with the responsibilities to oversee the financial reporting system and internal control procedures and their effectiveness.

The terms of reference of the Audit Committee has been published on both the websites of the Company and the Stock Exchange, which will be revised from time to time subsequent to any changes to the policies, authorities, duties and responsibilities of the Audit Committee or when there is any new requirements of the CG Code of the Listing Rules become effective.

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The Audit Committee shall meet at least twice a year in accordance with its terms of reference. There were three (3) Committee meetings held in the year of 2024 and the attendance of each member is set out in the section headed "Board" of this report.

It is also a practice of the Audit Committee to deal with matters by way of resolutions (and so far as practicable for those other committee meetings).

In the year of 2024, the Audit Committee performed the works as summarised below:

- (i) reviewed and recommended 2023 final results, audit findings and draft final results announcement for the Board's approval;
- (ii) reviewed and considered various accounting issues and new accounting standards and their financial impacts;
- (iii) considered the auditor's remuneration for the year 2024;
- (iv) reviewed and recommended 2024 interim results, audit findings, draft management discussion and analysis section of the interim report for the Board's approval;
- (v) reviewed the adequacy of resources, qualifications and experience of the Company's accounting staff and financial reporting function, and the training programmes and budget; and
- (vi) reviewed the effectiveness of the Group's risk management and internal control systems and recommended the Report on the Risk Management and Internal Control for the Board's approval.

Nomination Committee

The Nomination Committee has been established since 1 April 2012. Throughout the year 2024, the Nomination Committee consisted of three members namely, Ms. CHAN Chu Hoi (Chairman of the Nomination Committee) (resigned on 1 March 2025), Ms. SO Wai Lam (resigned on 31 July 2024), Ms. CHAN Hoi Ling and Ms. TSUI Wai Ting, Rosalie (appointed on 31 July 2024), all being the INEDs.

The Board has adopted a set of terms of reference of the Nomination Committee, which takes into account the following in the course of nomination, appointment and removal of Directors, and make recommendations to the Board whenever they consider appropriate.

- (i) To review the structure, size, and composition (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, experience, and length of service) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (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 consider potential candidates on merit against criteria such as academic qualification, working experience, skills and knowledge with due regard for the Board succession and Board diversity perspective; and

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- (iv) To make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer, after taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed, as appropriate.

The Nomination Committee would make recommendations to the Board for consideration on nominations, appointment and re-appointment of directors. The consideration of a proposed director candidate involves the assessment of the merits, academic qualification, working experience, skills and knowledge of the candidate from board succession and board diversity perspective.

The Company appreciates the importance of a diverse team of board members, which is crucial to maintain a high quality of directors' team.

The Nomination Committee shall formulate the nomination policy, review the size, structure and composition of the Board, and assess the independence of its INEDs in accordance with the prescribed criteria of the CG Code.

The terms of reference of the Nomination Committee has been published on both the websites of the Company and the Stock Exchange, which will be revised from time to time subsequent to any changes to the policies, authorities, duties and responsibilities of the Nomination Committee or when there is any new requirements of the CG Code of the Listing Rules become effective.

The Nomination Committee shall meet at least once a year in accordance with its terms of reference. There was two (2) Committee meeting held in the year of 2024 and the attendance of each member is set out in the section headed "Board" of this report.

It is also a practice of the Nomination Committee to deal with matters by way of resolutions (and so far as practicable for those other committee meetings).

In the year 2024, the Nomination Committee performed the works as summarised below:

- (i) reviewed and recommended for the Board's approval the proposed resolutions for re-election of the retiring directors at the AGM held on 4 June 2024;
- (ii) reviewed the structure, size, composition and the diversity policy of the Board and assessed the independence of each INED;
- (iii) reviewed the terms of appointment of the non-executive Director and INEDs for one year commencing from 1 January 2024; and
- (iv) reviewed the biographies of each of the INEDs who had served that Company for more than nine years, and considered that each of the INEDs during their tenure of offices they provided the Company with a wide range of expertise, skills, impartial views, comments, and independent judgment on issues of strategic directions, business development, financial performance and risk management through their contributions at attending Board meetings and Committee meetings and had fulfilled the role of an independent non-executive Director.

Remuneration Committee

The Remuneration Committee has been established since August 2005. During the year of 2024, the Remuneration Committee consisted of three members namely, Ms. SO Wai Lam (Chairman of the Remuneration Committee) (resigned on 31 July 2024), Ms. TSUI Wai Ting, Rosalie (Chairman of the Remuneration Committee) (appointed on 31 July 2024), Ms. CHAN Hoi Ling and Ms. CHAN Chu Hoi (resigned on 1 March 2025), all being the INEDs.

The Board has adopted a set of terms of reference of the Remuneration Committee, which accommodates a model where the Remuneration Committee performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management only.

The Remuneration Committee is responsible for ensuring formal and transparent procedures for developing remuneration policies and overseeing the remuneration packages of the executive directors and senior management. It takes into consideration of factors such as salaries paid by comparable companies, time commitment and responsibilities of Directors and senior management.

The terms of reference of the Remuneration Committee has been published on both the websites of the Company and the Stock Exchange, which will be revised from time to time subsequent to any changes to the policies, authorities, duties and responsibilities of the Remuneration Committee or when there is any new requirements of the CG Code of the Listing Rules become effective.

The Remuneration Committee shall meet at least once a year in accordance with its terms of reference. There was two (2) Committee meeting held in the year of 2024 and the attendance of each member is set out in the section headed "Board" of this report.

It is also a practice of the Remuneration Committee to deal with matters by way of resolutions (and so far as practicable for those other committee meetings).

In the year of 2024, the Remuneration Committee performed the works as summarised below:

- (i) assessed performance of executive Directors;
- (ii) reviewed the existing policy and structure for the remuneration of Directors;
- (iii) reviewed the existing remuneration packages of the executive Directors and senior management; and
- (iv) reviewed and recommended the remuneration packages for the renewal of the terms of appointment of the non-executive Director and the INEDs for one year commencing from January 2025 for the Board's approval.

The remuneration payable to Directors will depend on their respective contractual terms under their letter of appointments or service contracts as approved by the Board on the recommendation of the Remuneration Committee.

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Executive Committee

The Executive Committee has been established since February 2013. During the year of 2024, the Executive Committee consisted of three members namely, Mr. Yang Lijun (Chairman of the Committee), Mr. Tam Ka Wai, and Mr. Gao Jingyao (resigned on 19 February 2025).

The Executive Committee is vested with all the general powers of management and control of the activities of the Group as are vested in the Board, save for those matters which are reserved for the Board's decision and approval pursuant to the written terms of reference of the Executive Committee. The Executive Committee will meet as and when necessary to discuss the operating affairs of the Group and may also deal with matters by way of circulation. The Executive Committee plays a complementary role to undertake and supervise the day-to-day management of the Group and is empowered:

- (i) to formulate and implement policies for the business activities, internal control and administration of the Group; and
- (ii) to plan and decide on strategies to be adopted for the business activities of the Group within the overall strategy of the Group as determined by the Board.

There was no Committee meeting held in the year of 2024 even though most of the day-to-day operations and management decisions were vested in and approved by the Board. The attendance of each member at the Committee meeting is set out in the section headed "Board" of this report.

It is also a practice of the Executive Committee to deal with matters by way of resolutions (and so far as practicable for those other committee meetings).

COMPANY SECRETARY

Mr. Woo Chung Ping ("Mr. Woo") is the company secretary of the Company in the year of 2024. All Directors have access to the advices and services of the Company Secretary. The Company Secretary is responsible for reporting to the Board, advising the Board on corporate governance matters, ensuring that board procedures are followed, and the proper functioning of communications among Directors, shareholders and the management. During the year ended 31 December 2024, Mr. Woo took no less than 15 hours of relevant professional training to update his skills and knowledge to meet the training requirement set out in Rule 3.29 of the Listing Rules. On 15 February 2025, the company secretary of the Company changed from Mr. Woo to Mr. Chu Hoe Tin.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems to evaluate the risks that the Company is willing to take in achieving the Company's objectives, and safeguard the Group's assets at all times. 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.

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The Group's risk management framework consists of the Board, the Audit Committee and the senior management of the Group. The Board would (1) determine and identify the risks that would have material impact on the achievement of strategies and business objectives of the Group; (2) evaluate the effectiveness of the Group's risk management and internal control systems to monitor the operation of controls; (3) monitor the status of compliance with rules, laws and regulations such as compliance with Listing Rules; and (4) provide directions in identifying, evaluating and managing significant risks. The review of the risk management and internal control systems of the Group was through the engagement of external audit professional with the support of the Audit Committee on an ongoing basis pursuant to code provision D.2. The review would be conducted annually and cover each of the twelve months of the year. A risk management and internal control review report will be submitted to the Audit Committee and the Board for review once a year.

The Company did not have its in-house internal audit function. The Board is of the view that there is no immediate need to set up an internal audit department of the Group because of the size, nature and complexity of the Group's business.

In the year of 2024, the Board, through the engagement of external audit professional with the support of the Audit Committee, evaluated the internal control system of the Group. A report of the review of risk management and internal control systems for the year of 2024 was submitted to the Audit Committee and the Board for review. Based on the findings of the report, the Board and the Audit Committee were not aware any material weaknesses that would have adverse impact on the effectiveness and adequacy of the risk management and internal control systems of the Group. Apart from that, there was a review of adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, and the training programmes and budget by the Audit Committee in the year 2024. The Board considers the risk management and internal control systems of the Group are effective and adequate.

Whistleblowing Policy

The Company always adheres to the value of integrity and honesty, and has zero tolerance of corruption, blackmail, fraud and money laundering. The Company has established a code of conduct which spells out the guidelines to all employees and Directors on the acceptance of advantage and handling conflict of interest while dealing with the Company's businesses. The Company has also established a whistleblowing policy to set out procedures that need to be followed by our employees for reporting any grievance or suspected cases of corruption, malpractices and frauds. The nature of the report and identity of the employee making such report (whistle blower) shall be protected in strict confidence.

Inside Information

The Group provides general guidance to the Directors, the management and relevant staff to handle inside information and to ensure that the dissemination of inside information to the public is in an equal and timely manner according to the relevant laws and regulations.

Control measures implemented to ensure:

- (i) The access of information is restricted to a limited number of employees on a need-to-know basis.
- (ii) Confidentiality agreements are in place when the Company enters into significant negotiations.
- (iii) Unauthorised access and use of inside information are strictly prohibited.

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- (iv) The Directors, the management and relevant staff who are authorised to access to inside information be aware of the responsibilities to safeguard and preserve information confidentiality, and prohibited to abuse or misuse of such information.
- (v) The Directors, the management and relevant staff who accessed to inside information are prohibited to abuse or misuse of such information.

Corporate Governance Functions

The Board as a whole is responsible for performing the corporate governance duties including:

- (i) to develop and review the Company's policies and practices and make recommendations to the Board on corporate governance matters;
- (ii) to review and monitor the training and continuous professional development of directors and senior management;
- (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review, and monitor the code of conduct applicable to employees and directors; and
- (v) to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

In the year of 2024, there were two (2) out of four (4) Board meetings held to deal with corporate governance functions such as review of periodic management accounts, whistleblowing policy, and internal controls of the Group, and the implementation of board independence evaluation mechanism of the Company.

Board Diversity Policy

On 28 August 2013, the Board has adopted a board diversity policy (the "Policy") that sets out the Company's approach to achieve diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. Details of the Policy can be found on the Company's website at www.cctagroup.com.hk.

During the year of 2024, the Board had three (3) female members out of seven (7) members. The Board is characterised by diversity whether considered in terms of age, gender, cultural and professional background, knowledge and skills.

Corporate Governance Report

EXTERNAL AUDITORS' REMUNERATION AND AUDITOR RELATED MATTERS

The fees in respect of audit and non-audit services provided by the external auditors to the Group for the year ended 31 December 2024 is set out below:

	HK\$'000
Types of services	
Audit fees to the auditors of the Group — for current year	895
— under provision for previous years	—
Taxation services and other services	94
Total	989

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.

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\$1,755,323,000, and
- (iii) the Group's bank borrowing approximately HK\$225,804,000 and other borrowings approximately HK\$61,217,000 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;

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- (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.

COMMUNICATION WITH SHAREHOLDERS

Shareholders' Communication Policy

The Board has adopted a Shareholders' Communication Policy reflecting mostly the current practices of the Company for communication with its Shareholders. Such policy aims at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. However, it will be reviewed regularly to ensure its effectiveness and compliance with the prevailing regulatory and other requirements.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders including:

- (i) corporate communications such as annual reports, interim reports and circulars which are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.cctagroup.com.hk;
- (ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;
- (iii) corporate information and the Memorandum and Articles of Association of the Company are made available on the Company's website;
- (iv) AGM and EGM provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and
- (v) the Company's share registrars' serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters.

According to the Articles of Association of the Company, the notice of general meeting to Shareholders is to be sent in the case of an AGM at least 21 days before the meeting and to be sent at least 14 days in case of all other general meetings. An explanation of the detailed procedures of conducting a poll is provided to the Shareholders at the commencement of the meeting. The Chairman answers questions from Shareholders regarding voting by way of a poll. The poll results are published in the manner prescribed under the requirements of the Listing Rules.

Details of the General Meetings held in 2024

The Company's annual general meeting is a valuable forum for the Board to communicate directly with the Shareholders. Under code provision F.2.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate to attend. These persons should be available to answer questions at the annual general meeting. Code provision C.1.6 stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders.

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AGM of the Company held on 4 June 2024

The 2024 annual general meeting of the Company (the “AGM”) was held on 4 June 2024. Because of the work commitments, one (1) executive Director and one (1) independent non-executive Directors could not attend the AGM. However, there were one (1) non-executive Director and two (2) independent non-executive Director presented to enable the Board to develop a balanced understand of the views of the shareholders.

SHAREHOLDERS’ RIGHTS

Procedures for Shareholders to Convene an EGM

Pursuant to the Articles of Association, the Board shall, on the requisition of the members of the Company holding at the date of the deposit of the requisition not less than one-tenth of the voting rights of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company, forthwith proceed duly to convene an extraordinary general meeting.

The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the Company’s principal place of business in Hong Kong, and may consist of several documents in like form each signed by one or more requisitionists.

If the Board does not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting for a day not more than 28 days after the date on which the notice convening the meeting is given, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of 3 months from the said date.

A meeting convened under the Articles of Association by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to convene a meeting shall be repaid to the requisitionists by the Company, and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration in respect of their services to such of the Directors as were in default.

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Procedures for Putting forward Proposals at a General Meeting

Pursuant to the Articles of Association, it shall be the duty of the Company, on the requisition in writing of such number of members as is specified in Articles of Association and (unless the Company otherwise resolves) at the expense of the requisitionists:

- (i) to give to members entitled to receive notice of the next annual general meeting any resolution which may properly be moved and is intended to be moved at that meeting; and
- (ii) to circulate to members entitled to receive notice of any General Meeting a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Notice of any such resolution shall be given, any such statement shall be circulated, to members of the Company entitled to have notice of the meeting sent to them, and notice of any such resolution shall be given to any other member of the Company by giving notice of the general effect of the resolution in accordance with the provisions of the Statutes.

Shareholders of the Company may make written enquiries to the Board, either by post or by facsimile, together with his/her/its contact details, such as postal address or fax, addressing to the principal place of business of the Company at Units 2105 and 2106, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong or facsimile number at (852) 3188 6631.

Procedures for Proposing a Person for Election a Director

As regards the procedure for proposing a person for election as a Director, please refer to the procedures made available under the “Corporate Governance” section (“Procedure for election of Directors” sub-section) of the Company’s website at www.cctagroup.com.hk.

Procedures for Directing Shareholders’ Enquiries to the Board

Enquiries of shareholders can be sent to the Company by email at info@cctagroup.com.hk (for finance and company secretarial matters) or by post to the Company’s principle place of business at Units 2105 and 2106, Far East Consortium Building, No. 121 Des Voeux Road Central, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

INVESTOR RELATIONS

The Company considers effective communication with shareholders is essential for enhancing investor relations and investors’ understanding of the Group’s business. The Company endeavors to maintain an on-going dialogue with shareholders and particularly, through annual general meeting and other general meetings. The website of the Company at www.cctagroup.com.hk has provided an effective communication platform to the public and the shareholders.

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CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but also about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our Shareholders to promote and improve our transparency are also welcome.

Environmental, Social and Governance Report

ABOUT THE REPORT

This is the ninth Environmental, Social and Governance (hereinafter referred to as the “Report” or “ESG Report”) report of China Cultural Tourism and Agriculture Group Limited (hereinafter referred to as “the Company” or “We”) (Stock code: 542) and its subsidiaries (hereinafter referred to as “the Group”). The report describes the Group’s environmental, social and governance performance and its approach to the related issues in 2024.

This report is published in Chinese as well as English. The English version shall prevail if any discrepancy between the two versions is identified. For governance section, please refer to our 2024 Annual Report from page 25 to page 41.

Reporting Guidelines

This ESG report complies with requirements stipulated in the ESG Reporting Code under Appendix C2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principles of materiality, quantitative, consistency and balance have been followed in the Report’s preparation.

Reporting Boundary

The Group’s operations span a variety of sectors including cultural tourism, e-commerce, agricultural products and food processing, hotel industry, and real estate development in China. This Report covers ESG performance of the Company’s Hong Kong headquarters and business operations in China with revenue of HKD216 million, which includes property development business in Hengqin, Doumen and Chengdu, China, and hotel business (La Palazzo Hotel) in Maoming, China.

The Group intends to expand the reporting boundary over time, to include ESG-related data from prime tourism assets in China’s Greater Bay Area, such as the Taishan Gold Coast International Resort in Jiangmen, Guangdong, Zhongshan Quan Lin Happy World, Beilala Animal Kingdom, and the Golden Splendid Hotel Management Group, as well as food processing businesses and e-commerce.

Feedback

We value your feedback and believe it helps us improve not only the Report but also performance. Please feel free to contact us for any questions or comments at info@cctagroup.com.hk.

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BOARD STATEMENT

Our Group is committed to integrating sustainability into all aspects of our business, actively driving the transition to a low-carbon economy, fulfilling our corporate social responsibilities, and creating long-term value.

The Board of Directors oversees the Group's environmental, social, and governance (ESG) performance, including the management of climate-related risks, and provides strategic direction for the materiality assessment process. Various departments — including Procurement, Operations, Human Resources & Administration, Finance, and Legal — are actively involved in formulating and implementing our sustainability strategy, ensuring that sustainable practices are embedded in daily operations.

To uphold our commitment to sustainability and effectively manage our ESG performance and related strategies, we have established a robust corporate governance framework. This framework strengthens our sustainability management system, ensuring that ESG considerations remain at the core of our business operations.

This year's ESG report outlines how the Group addresses ESG-related risks and opportunities in property development and hotel operations. The Board regularly reviews our ESG performance to ensure responsible business practices and to generate long-term value for stakeholders. The Board of Directors confirms that it has reviewed and approved this report.

On behalf of the Board

Yang Lijun

Chairman

Hong Kong, 28 March 2025

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MATERIALITY ASSESSMENT

Our Group values effective communication with stakeholders and has established diverse channels to facilitate engagement with employees, customers, suppliers, government, and the wider community. Through these interactions, we identify key concerns and inform stakeholders of the actions we take to address them. We have implemented a structured process to assess the materiality of various sustainability issues, ensuring that stakeholder interests and expectations are fully considered.

Our ESG management approach and performance influence stakeholders' decision-making processes. We continuously assess the impact of sustainability issues on our stakeholders, incorporating these insights as key factors in shaping our strategies.

Stakeholder	Interest of concerns	Channels of communication
Customers	<ul style="list-style-type: none"> • Full compliance with regulations • Product and service quality • Ethical marketing 	<ul style="list-style-type: none"> • Customer satisfaction survey • Guest services counter in hotel • Service hotline
Employees	<ul style="list-style-type: none"> • Compensation and benefits • Occupational health and safety • Career development opportunities • Corporate culture and engagement 	<ul style="list-style-type: none"> • Training • Media platform • “Welcoming Ambassador” • Employee activities
Suppliers	<ul style="list-style-type: none"> • Long-term partnership • Ethical business practices • Supplier assessment criteria 	<ul style="list-style-type: none"> • In-person meeting • Supplier audit
Government	<ul style="list-style-type: none"> • Regulatory requirements • Environmental and safety compliance 	<ul style="list-style-type: none"> • Regulatory policies training • In-person meeting
Community and General public	<ul style="list-style-type: none"> • Community engagement initiatives 	<ul style="list-style-type: none"> • Volunteering and donation

After gathering feedback from various stakeholders through different channels, we conducted internal discussions to determine the relative importance of different sustainability indicators. The identified material topics were prioritised based on their potential impact on the environment and local communities, their relevance to the Group's business operations, the level of stakeholder concern, and the likelihood of occurrence. The Board grants final approval for these decisions. To ensure the continuity of our sustainability strategy, the Group's management has identified five key material topics: **Emissions and Waste, Energy Efficiency, Anti-corruption, Product Quality and Safety, and Employee Engagement.**

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RESPONDING TO CLIMATE CHANGE

The Group is highly committed to addressing the challenges and opportunities presented by climate change and continuously conducts climate risk assessments to identify its potential impacts on business operations. We recognise that climate change may lead to extreme weather events such as hurricanes and floods, posing direct threats to employee safety and business continuity. Additionally, it may drive changes in regulatory requirements and market transitions, potentially affecting the Group's financial performance.

In addition, climate change presents opportunities for transformation, fostering the development of a low-carbon economy and encouraging business innovation and sustainable growth models. To tackle this challenge, the Group has established the climate change measures that set out management principles and strategies for mitigation, adaptation, and response to climate change. This ensures the long-term sustainability of our business and the environment.

Risk Types	Risk Description	Potential Financial Impacts	
Physical Risks	Extreme Weather	<ul style="list-style-type: none"> Extreme weather affects normal hotel operations Extreme weather disrupts work on projects under construction or damages completed projects Transport delays due to extreme weather conditions 	<p>Reduction in operating income due to the impact on the operation of hotel businesses</p> <p>Increase in operating expenses for repairing and replacing damaged facilities</p> <p>Increase in construction cost due to delay in transport and supply of construction materials</p>
	Policies and Regulations	<ul style="list-style-type: none"> Tightening building energy regulations and guidelines More stringent public disclosure requirements 	<p>Increased capital investment and expenditures to comply with these regulations</p> <p>Increased expenditures for meeting these new requirements</p>
	Market, Reputation and Liability	<ul style="list-style-type: none"> Increased market demand for green and energy-efficient properties Increased tenant demand for energy efficiency and data transparency 	<p>Increased revenue due to potentially higher rental premiums for green buildings</p> <p>Increased revenue due to improved tenant satisfaction and experience</p>
Transition Risks	Supply Chain	<ul style="list-style-type: none"> Greater adoption of low-carbon construction materials 	<p>Increased material procurement expenditures</p>
	Technology and Innovation	<ul style="list-style-type: none"> Increased adoption of green and low-carbon technology Increased adoption of renewable energy 	<p>Increased capital investments in technology</p> <p>Increased capital investment in renewable energy systems</p>

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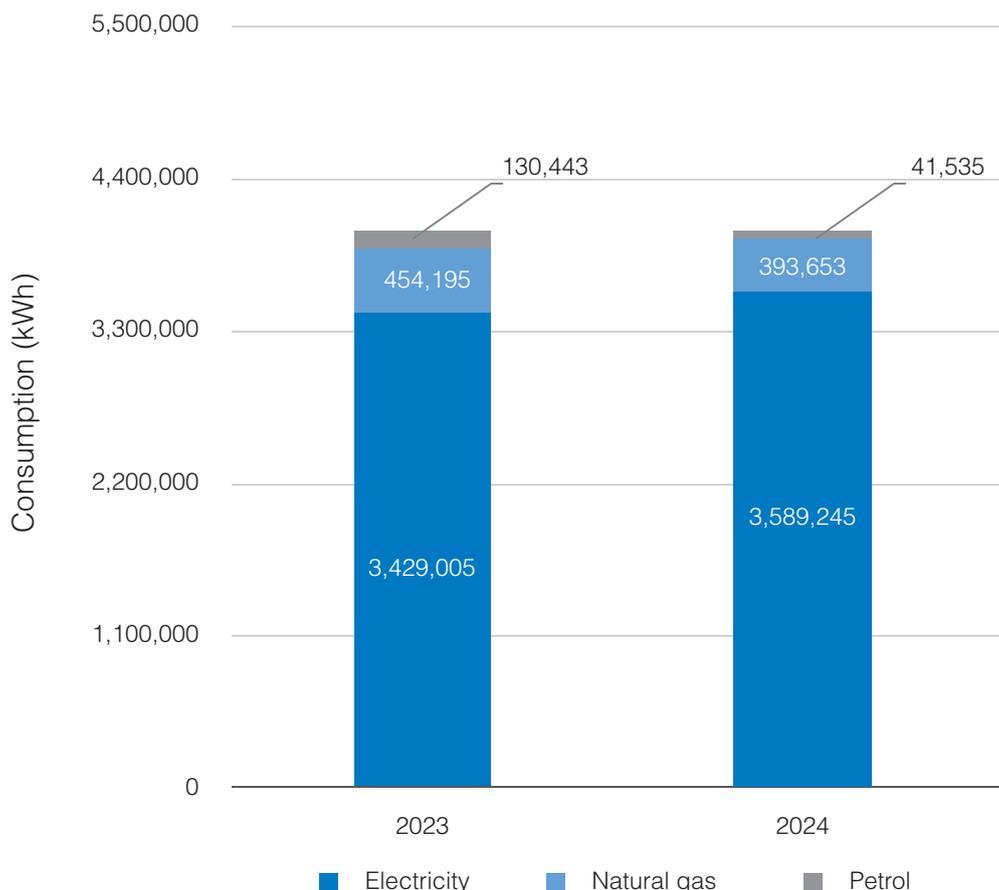
Energy Consumption

The Group is committed to continuously reducing energy consumption across various property development and hotel projects. Our daily operations involve the use of electricity, natural gas, and petrol. During the year, our operations consumed a total of 3,589,245 kWh of electricity, 38,720 cubic metres of natural gas, and 4,656 litres of petrol.

Resource Type	2023	2024	Change
Electricity — Headquarter (kWh)	19,852	2,839	-86%
Electricity — Hotel business (kWh)	3,214,700	3,033,500	-6%
Electricity — Property development (kWh)	194,453	552,906	184%
Natural gas (m ³)	42,000	38,720	-8%
Petrol (litres)	14,734	4,656	-68%
Total energy consumption (kWh)	4,013,644	4,024,433	0.3%
Energy intensity (kWh/HK\$'000)	13.2	18.6	41%

The Group continues to enhance energy efficiency and actively advance towards low-carbon development. During the year, the total energy consumption across our various property development and hotel projects amounted to 4,024,433 kWh, representing a 0.3% increase compared to the previous year. The energy intensity was 18.6 kWh per HKD thousand in revenue.

Total Energy Consumption



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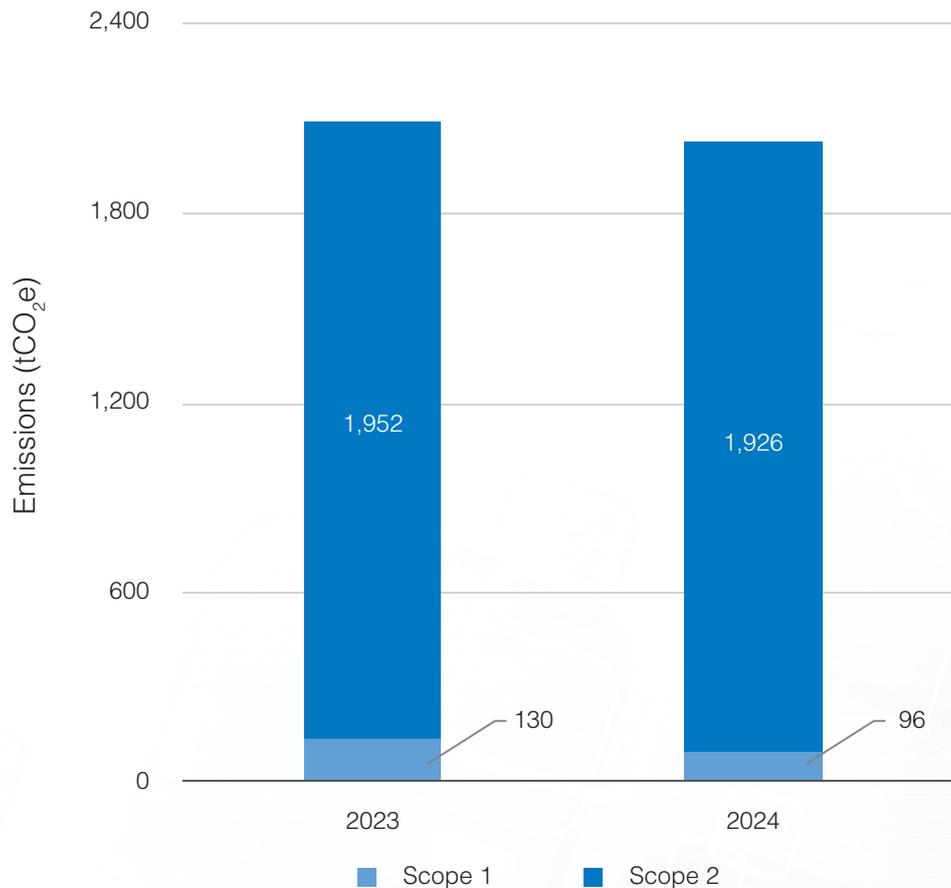
Carbon Emissions

In 2024, we continued to implement various measures and strategies to achieve our carbon emissions reduction targets, and we remain committed to practical actions and measures to mitigate, adapt to, and withstand climate change. To reduce operational carbon emissions, we have set the following targets:

KPIs	Targets
A1.5 Emission Reduction	Full switch to electric vehicles by 2030
A2.3 Energy Efficiency	Gradually move towards 100% of electrical appliances with energy-saving labels

In 2024, the Group's total greenhouse gas (GHG) emissions amounted to 2,022 tonnes of carbon dioxide equivalent (tCO₂e). Scope 1 direct emissions, resulting from vehicle fuel consumption and natural gas combustion, were 96 tCO₂e. Scope 2 indirect emissions, generated from purchased electricity, accounted for 1,926 tCO₂e, representing 95% of total emissions.

Greenhouse Gas Emissions



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Promoting Green Measures

In new development projects and business operations, the Group carefully considers ecological and environmental impacts, striving to minimise its footprint on ecosystems. All new construction projects undergo environmental impact assessments before commencement to ensure the implementation of sustainable development goals. Additionally, we actively integrate green building concepts throughout the project lifecycle, optimising design, equipment selection, and management measures to reduce carbon footprints and effectively lower energy and water consumption.

In architectural design, the Group ensures that buildings maximise natural lighting and ventilation to improve indoor air quality while reducing energy consumption for lighting and air conditioning. Furthermore, we utilise solar energy systems and waste heat from laundries to supply hot water and employ natural cooling methods for lift shafts, service cores, and bridge link boxes to further reduce air conditioning energy use.

To reinforce energy efficiency awareness, the Group incorporates energy consumption performance into employees' annual appraisals. We also align with government energy-saving incentive schemes, rewarding departments that meet targets while implementing corrective measures for those that fall short. Additionally, we conduct regular training sessions to enhance employees' knowledge of energy conservation, encouraging collective participation in the transition towards a low-carbon future and driving sustainable development.

STRENGTHENING ENVIRONMENTAL MANAGEMENT

The Group recognises that environmental protection is critical to sustainable business development and integrates the management of environmental impacts into its operations. We actively assess the potential environmental effects of our activities and implement appropriate measures to minimise them.

As the Group's Hong Kong headquarters primarily operates as an office, its environmental impact is relatively limited. Our main environmental footprint stems from property development and hotel operations in mainland China. Notably, while the La Palazzo Hotel in Maoming is independently operated by a licensee, it remains within the scope of our comprehensive environmental management system. We encourage hotel employees and guests to support environmental initiatives and require the licensee to strictly comply with relevant laws and regulations¹ to ensure that business operations align with sustainable development principles.

In 2024, the Group did not record any instances of non-compliance with laws and regulations related to air emissions, greenhouse gas emissions, discharges into water and land, or the generation of hazardous and non-hazardous waste that had a significant impact on the Group.

¹ List of applicable laws and regulations available in "Laws and Regulations".

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Water Consumption

The Group actively responds to the water conservation initiatives put forward by the government and industry. In order to reduce water consumption, we have set a target to gradually achieve 100% of water-saving fixtures across our operations. Several water-saving measures have been implemented, including the use of faucets equipped with water circulation systems and flow restrictors in multiple projects, as well as the reuse of swimming pool water for flushing toilets and other sanitary purposes in our hotel operations.

KPI	Target
A2.4 Water Efficiency	The proportion of water-saving devices is gradually moving towards 100%

The Group has faced no issue in sourcing water fit for the purpose. In 2024, we consumed a total of 59,757 tonnes of municipal water at an intensity of 0.28 tonnes per thousand HKD revenue.

	Unit	2023	2024
Total water consumption	Tonnes	58,339	59,757
Water consumption intensity	Tonnes/thousand HKD revenue	0.19	0.28

Air Emissions

The Group's air emissions are mainly from fuel consumption of its own vehicles. In 2024, the Group generated 0.07kg of sulphur oxides (SO_x), 3.34 kg of nitrogen oxides (NO_x) and 0.25 kg of particulate matter (PM).

Air emission type	Unit	2023	2024
Sulphur oxides (SO _x)	Kg	0.22	0.07
Nitrogen oxides (NO _x)	Kg	13.09	3.34
Particulate matter (PM)	Kg	1.18	0.25

To ensure that the surrounding environment of the site is not affected by dust, we require contractors to install dust suppression equipment such as sprinklers and protective nets at the site to prevent the spread of dust from construction machinery and vehicles. In order to improve air quality of the hotel, the Group has equipped it with an air ventilation and treatment system to ensure renewal and circulation of air.

Waste Management

The Group's hotel operations generate a significant amount of waste. To mitigate the environmental impact of waste, we have implemented strict waste classification management and ensure its proper disposal. In accordance with the national "Catalogue of Hazardous Wastes" and the specific circumstances, waste is classified into non-hazardous and hazardous waste.

Non-hazardous waste includes food waste, general waste, and recyclable materials. Food waste and recyclable materials are handled by third-party collection and recycling agencies with the necessary qualifications, while other non-hazardous waste is collected by municipal sanitation departments. Hazardous waste generated from property development projects is separately managed by authorized waste collectors, ensuring it is not mixed with non-hazardous waste, thereby effectively controlling the environmental impact of waste disposal.

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In 2024, the Group generated 2.43 tonnes of non-hazardous waste. During this year, our operations did not produce any packaging waste or hazardous waste.

	Unit	2023	2024
Hazardous waste	tonnes	0	0
Non-hazardous waste	tonnes	3.07	2.43

ADHERING TO A PEOPLE-ORIENTED APPROACH

We passionately believe that employees' contributions are key to the success of the Group's business. Therefore, we have always endeavoured to create a healthy, pleasant, diversified and productive working environment. At the same time, we attach great importance to attracting and nurturing talents, and we are committed to investing in employees' development and assisting them in pursuing a long-term career with the Group. We respect human rights of all employees and ensure that their rights are protected and they receive the benefits they deserve.

Employee Composition

During the year, the Group employed a total of 90 employees, of which 12 were based in Hong Kong and 78 were in Mainland China. The ratio of male employees to female employees was approximately 1:1. Majority of employees were aged between 30 and 50 years old, accounting for 64% of the entire workforce. Around 92% of our employees held a university degree or higher educational qualifications.

Employee distribution

As of 31 December 2024

Gender profile

Male	46
Female	44

Age profile

Under 30 years old	26
Between 30 and 50	58
Over 50 years old	6

Educational profile

University or above	83
Below university	7

Professional profile

Management	23
General staff	64

During the year, the overall employees' turnover rate was 13% whereas the new hire rate was 13%. Profiles of turnover and new hire rates in terms of gender and age are as below.

Employee distribution

Turnover rate

New Hire rate

Gender profile

Male	15%	9%
Female	11%	18%

Age profile

Under 30 years old	12%	4%
Between 30 and 50	12%	17%
Over 50 years old	33%	17%

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The Group has established *The Employee Handbook* to clarify handling of recruitment, dismissal and promotion matters. We ensure that there is no child labour or forced labour, through stringent checks and mandatory verification of identity cards prior to employment. During the year, we did not receive any reports of child labour or forced labour.

Employee Benefits and Rights

The Group is committed to providing competitive remuneration packages and a wide range of benefits to its employees, including medical services, discretionary bonuses and retirement schemes. The Remuneration Committee ensures objective, fair and transparent appraisals are conducted for each employee on a regular basis. Through the appraisal mechanism and performance analysis, the Remuneration Committee ensures that the remuneration packages of the employees are in line with the principle of fairness while maintaining competitiveness in the industry.

The health and well-being of our employees stand as paramount objectives in our sustainable development strategy, and are assigned the utmost priority. The Group actively creates a diversified and inclusive working environment. Apart from offering competitive and attractive remuneration, we also enhance the physical and mental health of our employees and promote workplace well-being by arranging a number of activities, including birthday parties and company-sponsored trips. In addition, we have set up a care foundation since 2014 to help employees facing financial difficulties due to special circumstances.

We understand the need for maintaining ethical behaviour by all employees and therefore have set up a mechanism to help employees report any unethical acts. Only supervisors or managers can handle communications received in this context. During the year, there was no instance of non-compliance with laws and regulations related to human resources that could have had a significant impact on the Group.

Occupational Health and Safety

Providing a safe working environment to employees is viewed as an important responsibility of the Group. In order to protect employees' occupational health and safety, we handle safety concerns from various business units and closely adhere to all applicable rules and regulations.²

Risk Mitigation

The Group identifies potential risk sources and hazards at all operational locations, and based on safety management systems, formulates and implements safety control measures aimed at reducing the risk of major incidents. We have a comprehensive set of safety operation procedures that require employees to adhere to detailed instructions and wear necessary protective equipment such as helmets, high-visibility clothing, and safety belts.

Regarding employee operational responsibilities, our hotel business segment provides safety management training to contractors and employees on various risks (e.g., electrical shocks, fire, mechanical injuries, and falls on construction sites). In addition, to enhance employees' emergency response capabilities, our hotels regularly conduct safety emergency drills. This year, the Group recorded a total of 72 hours of safety training.

² List of applicable laws and regulations available in "Laws and Regulations".

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Incident Handling and Emergency Response

When incidents occur at work, we ensure that each employee receives immediate medical attention and that the relevant departments are promptly notified for further action. We are committed to submitting a comprehensive report on all work-related accidents within 12 hours, analyzing the cause of the incident and proposing potential preventive measures to further improve safety management.

Over the past three years, there have been no work-related accidents or fatalities. No violations have been identified this year regarding employment and labor practices, occupational health and safety, or other applicable laws and regulations that have a significant impact on the Group.

Employee Development

The Group encourages a highly competitive work environment and places great importance on talent development. Our training and development programs aim to equip employees with the essential knowledge and skills needed to face challenges and gain valuable experience.

Internal training programs include job-specific training, operational training, and cross-training, while external training is arranged through professional or academic institutions. This year, the Group recorded a total of 186 hours and 90 participants in training, with 100% of employees receiving training. The average training hours and training participation rate, categorized by gender and job function, are as follows:

	Average training hours	Percentage of employees trained
By Gender		
Male	1.85	100%
Female	2.30	100%
By Function		
Management	1.83	100%
General Staff	1.97	100%

Training and Development Programmes in 2024

<p>INDUCTION TRAINING</p>  <p>New employees are familiarised with our operations and working environment</p>	<p>ON-THE-JOB TRAINING</p>  <p>Employees receive on-the-job training with regard to their working duties</p>	<p>CROSS-TRAINING</p>  <p>Employees are sent to other departments or hotels to develop new skills</p>	<p>EXTERNAL TRAINING</p>  <p>Management staff are subsidised to receive external visits and training</p>
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PURSUING OPERATIONAL EXCELLENCE

The Group uses various communication channels to receive feedback from customers and address any concerns they may have. This enables us to promptly and properly handle any complaints. We have documented a set of guidelines our staff has to follow to ensure customer satisfaction, as well as compliance with related and relevant laws and regulations.³

Product Responsibility

The Group is committed to providing a comfortable, safe, and high-quality living environment by implementing strict management measures in areas such as building material selection, food safety, and object safety in the hotel business. In our real estate operations, we select high-quality building materials and equipment and conduct regular inspections to ensure they meet required standards. When necessary, we commission third-party organizations to test materials and require suppliers to provide quality certifications.

In the hotel business, food safety and hygiene are prioritized. All food ingredients are strictly documented, and non-edible cooking mediums and restricted additives are not used. Our hotels are equipped with professional cleaning tools and equipment to ensure cleanliness meets customer requirements.

Ensuring customer safety is also a key concern in our hotels. We have installed CCTV surveillance systems to monitor for guests who may require emergency medical assistance. To improve our staff's ability to respond to natural disasters, fires, theft, and other emergencies, we have published an *Employee Handbook* which outlines the standard procedures employees should follow during emergencies. We also regularly organize related training sessions.

In 2024, the Group is not aware of any incidents violating laws or regulations related to hotel customer health and safety, advertising, labeling, or privacy matters that caused significant impacts.

Customer Service

To monitor and continuously improve our service quality while ensuring that customer complaints are handled quickly and effectively, the Group has established multiple communication channels with customers, including a service hotline, hotel concierge services, and customer satisfaction surveys. In addition to complying with relevant laws and regulations, the Group has developed internal guidelines in the *Employee Handbook* to ensure employees adhere to these standards when interacting with customers, thus ensuring customer satisfaction.

³ List of applicable laws and regulations available in "Laws and Regulations".

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Responsible Supply Chain

To ensure the sustainability of our supply chain, the Group has implemented stringent supplier evaluation processes, aiming to develop long-term partnerships that align with our operational principles and corporate culture, and promote the development of a high-quality sustainable supply chain. In 2024, the Group had 55 suppliers, all based in mainland China.

Before selecting suppliers, we conduct a comprehensive evaluation to ensure they possess the necessary permits and meet quality standards, verified through the latest inspections and verifications. Supplier selection must not only meet price and quality requirements but also align with our sustainability objectives. We maintain regular communication with suppliers and monitor their feedback to ensure the ongoing provision of high-quality services.

To ensure the quality of construction materials, we require that all materials are quality certified and subject to random checks. If any material is found to not meet the required standards, we engage in discussions with the supplier and take necessary corrective actions. Suppliers who cannot improve their quality are blacklisted.

Privacy Protection

Personal information of customers is used and stored in full compliance with the relevant laws and regulations.⁴ Responsibility of protecting the growing mass of data is assigned to department heads and Personnel Administration Officer in case of the hotel business. All data and information are graded according to the need for confidentiality and access is allowed to officers at different levels of management accordingly. In principle, we treat all customer information as “confidential”. The Security Department strictly oversees information security management.

All employees who handle sensitive data and information are asked to sign confidentiality agreements and they take the responsibility for protecting information against unauthorised access and misuse. Besides customer information designs, banners, billboards, newspaper advertisements, new dishes and recipes for food and beverages and other internal plans of our hotel are also viewed as information that should remain confidential.

Anti-corruption

The Group adheres to a zero-tolerance policy for corruption, extortion, fraud, and money laundering, which is explicitly outlined in our *Code of Conduct* along with the standards employees must follow and the consequences of violations. We provide anti-corruption training to help employees understand the definitions of corruption or improper behavior and the core values of honesty and integrity.

Senior management has participated in online seminars or courses related to anti-corruption. We provide guidelines and training for directors and employees, as well as appropriate informational materials such as books and magazines, which help mitigate corruption risks within the organization.

In 2024, the Group is not aware of any incidents involving violations of bribery, extortion, fraud, or money laundering laws and regulations⁵ that caused significant impacts.

⁴ List of applicable laws and regulations available in “Laws and Regulations”.

⁵ List of applicable laws and regulations available in “Laws and Regulations”.

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COMMUNITY CARING

The Group has always been actively involved in community affairs and activities, taking on social responsibilities and committing to promoting the sustainable development of local communities.

We understand that, in addition to pursuing profitability, we also bear an important responsibility towards the welfare of the communities where we operate. As a good corporate citizen, we maintain a socially responsible attitude and actively give back to the community. We encourage employees to participate in various community services and advocate corporate social responsibility through activities such as organizing blood donation summer camps. Additionally, we collaborate with universities and colleges to provide support to students in need, helping them overcome difficulties and achieve a better future.

Looking ahead, the Group will continue to explore more ways to strengthen connections with local communities and make more contributions in various aspects to promote the joint development of society.

LAWS AND REGULATIONS

The Group has designed and implemented policies for addressing each material issue related to ESG and ensures compliance with all applicable laws and regulations. The list of applicable laws and regulations is as follows:

Aspect	Applicable Laws and Regulations	Section/Remarks
Environmental Management	<ul style="list-style-type: none">• Law of the People's Republic of China on Conserving Energy• Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution• Regulations of Guangdong Province on Conserving Energy in China• Energy Consumption Limits of Hotels and Shopping Malls in Guangdong Province (Trial) in China• Catering Industry Fume Emissions Standards in China• Integrated Wastewater Discharge Standards in China	STRENGTHENING ENVIRONMENTAL MANAGEMENT

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Aspect	Applicable Laws and Regulations	Section/Remarks
Labour Standards	<ul style="list-style-type: none"> • Employment Ordinance in Hong Kong • Labour Law of the People's Republic of China • Labour Contract Law of the People's Republic of China • Law of People's Republic of China on Protection of Disabled Persons • Provisions on the Prohibition of Using Child Labour in China 	ADHERING TO A PEOPLE-ORIENTED APPROACH
Workplace Health and Safety	<ul style="list-style-type: none"> • Production Safety Law of the People's Republic of China • Law on Prevention of Occupational Disease of the People's Republic of China 	Occupational Health and Safety
Food Safety	<ul style="list-style-type: none"> • Food Safety Law of the People's Republic of China • Measures for the Supervision and Administration of Food Safety in Catering Services in China • Standard Requirements for Catering Service Industry in China • Food Safety Regulations in Guangdong Province in China • Publicity Requirements on Food Additives Use in China 	Product Responsibility
Anti-corruption	<ul style="list-style-type: none"> • Prevention of Bribery Ordinance in Hong Kong • Criminal Law of the People's Republic of China • Anti-Unfair Competition Law of the People's Republic of China 	Anti-corruption

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PERFORMANCE DATA SUMMARY

		2023	2024
Workforce	Total Headcount	176	90
Demographics	By Geographical Distribution		
	Hong Kong (Headquarters)	9	12
	Mainland China — Property development	26	52
	Mainland China — Hotel business	141	26
	By Age Group		
	Under 30 years old	33	26
	Between 30 and 50	138	58
	Over 50 years old	5	6
	By Gender		
	Male	69	46
	Female	107	44
	By Education		
	University or above	52	83
	Below university	124	7
	By Functional		
	General staff	126	67
	Management staff	50	23
	TOTAL	176	90
Health and Safety	Occupational Health and Safety Performance		
	Number of accidents	1	0
	Lost person days due to work-related injuries	15	0
	Work-related fatalities	0	0
	Safety Training		
	Total person-times	95	82
	Total hours	71	72
Environmental	Total Resource Consumption (kWh)	4,013,644	4,024,433
	Electricity (kWh)	3,429,005	3,589,245
	Natural gas (m ³)	42,000	38,720
	Petrol (litres)	14,734	4,656
	Municipal water (tonnes)	58,339	59,757
	Greenhouse Gases Emissions		
	Total GHG emissions (tCO ₂ e)	2,082	2,022
	Scope 1 (tCO ₂ e)	130	96
	Scope 2 (tCO ₂ e)	1,952	1,926
	Air Emissions⁶		
	Sulphur oxides (SO _x) (kg)	0.22	0.07
	Nitrogen oxides (NO _x) (kg)	13.09	3.34
	Particulate matters (PM) (kg)	1.18	0.25
	Waste		
	Hazardous waste (tonnes)	0	0
	Non-hazardous waste (tonnes)	3.07	2.43

⁶ Air emissions are calculated based on fuel consumptions of all company-owned vehicles.

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ESG CONTENT INDEX

Reporting Principles	
Materiality	To keep up with the rapid pace of global and local sustainability, the Group maintains communication with stakeholders through various channels. Through these surveys, we have gained an in-depth understanding of the topics material to the Group, and ensured that these topics have been addressed in this report.
Quantitative	Whenever applicable, this report discloses historical and current key performance indicators (“KPIs”) from 2023 and 2024. Through a direct comparison of year-on-year data, the effectiveness of the Group’s ESG management approach may be gauged. An overview of the Group’s 2024 ESG data may be found in the Performance Data Summary of the Appendix.
Balance	All relevant data and material topics, regardless of whether it has a positive or negative connotation, has been disclosed in a transparent manner.
Consistency	Unless explicitly mentioned, the data calculation methodologies for all derived figures are consistent with our 2023 ESG Report, thus allowing for direct comparisons to be made.

Relevant Policies
<ul style="list-style-type: none">• Employee Handbook• Code of Conduct

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KPIs	HKEX ESG Reporting Code Requirements	Section/Remarks
Governance structure		
General disclosure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	BOARD STATEMENT
Reporting principles		
General disclosure	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: a) Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. b) Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. c) Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	MATERIALITY ASSESSMENT ESG CONTENT INDEX: — Report Principle
Reporting Boundary		
General disclosure	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	ABOUT THE REPORT: — Reporting Guidelines and Reporting Boundary

Environmental, Social and Governance Report

KPIs	HKEX ESG Reporting Code Requirements	Section/Remarks
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.	ESG CONTENT INDEX: — LAW'S AND REGULATIONS
KPI A1.1	The types of emissions and respective emissions data.	STRENGTHENING ENVIRONMENTAL MANAGEMENT: — Air Emissions — Waste Management PERFORMANCE DATA SUMMARY During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI A1.2	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	STRENGTHENING ENVIRONMENTAL MANAGEMENT: — Air Emissions — Waste Management PERFORMANCE DATA SUMMARY

Environmental, Social and Governance Report

KPIs	HKEX ESG Reporting Code Requirements	Section/Remarks
KPI A1.3	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	STRENGTHENING ENVIRONMENTAL MANAGEMENT: — Air Emissions — Waste Management PERFORMANCE DATA SUMMARY
KPI A1.4	Description of emission target(s) set and steps taken to achieve them.	RESPONDING TO CLIMATE CHANGE: — Carbon Emissions — Energy Consumption — Promoting Green Measures
KPI A1.5	Description of how hazardous and non-hazardous wastes are handled and a description of reduction target(s) set and steps taken to achieve them.	STRENGTHENING ENVIRONMENTAL MANAGEMENT: — Air Emissions — Waste Management
Aspect A2	Use of resources	
General disclosure	Policies on efficient use of resources including energy, water and other raw materials.	STRENGTHENING ENVIRONMENTAL MANAGEMENT: RESPONDING TO CLIMATE CHANGE: — Promoting Green Measures
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	RESPONDING TO CLIMATE CHANGE: — Energy Consumption PERFORMANCE DATA SUMMARY
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	STRENGTHENING ENVIRONMENTAL MANAGEMENT: — Water Consumption PERFORMANCE DATA SUMMARY

Environmental, Social and Governance Report

KPIs	HKEX ESG Reporting Code Requirements	Section/Remarks
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	RESPONDING TO CLIMATE CHANGE: — Energy Consumption — Promoting Green Measures
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	STRENGTHENING ENVIRONMENTAL MANAGEMENT: — Water Consumption The Group sources water solely from municipal water supplies, having no issue in sourcing water that is fit for purpose. No water efficiency target is set, as it is not materials to us. Most of the water consumption is managed by our clients.
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's operations do not involve the use of packaging materials
Aspect A3	The environment and natural resources	
General disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.	STRENGTHENING ENVIRONMENTAL MANAGEMENT
KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	RESPONDING TO CLIMATE CHANGE STRENGTHENING ENVIRONMENTAL MANAGEMENT

Environmental, Social and Governance Report

KPIs	HKEX ESG Reporting Code Requirements	Section/Remarks
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.	ADHERING TO A PEOPLE-ORIENTED APPROACH ESG CONTENT INDEX: — Relevant Policy LAW'S AND REGULATIONS During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	ADHERING TO A PEOPLE-ORIENTED APPROACH PERFORMANCE DATA SUMMARY
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	ADHERING TO A PEOPLE-ORIENTED APPROACH PERFORMANCE DATA SUMMARY
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.	ADHERING TO A PEOPLE-ORIENTED APPROACH — Occupational Health and Safety LAW'S AND REGULATIONS During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.

Environmental, Social and Governance Report

KPIs	HKEX ESG Reporting Code Requirements	Section/Remarks
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	ADHERING TO A PEOPLE-ORIENTED APPROACH — Occupational Health and Safety PERFORMANCE DATA SUMMARY
KPI B2.2	Lost days due to work injury.	ADHERING TO A PEOPLE-ORIENTED APPROACH — Occupational Health and Safety PERFORMANCE DATA SUMMARY
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	ADHERING TO A PEOPLE-ORIENTED APPROACH: — Occupational Health and Safety
Aspect B3	Development and training	
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	ADHERING TO A PEOPLE-ORIENTED APPROACH: — Employee Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	ADHERING TO A PEOPLE-ORIENTED APPROACH: — Employee Development PERFORMANCE DATA SUMMARY
KPI B3.2	The average training hours completed per employee by gender and employee category.	ADHERING TO A PEOPLE-ORIENTED APPROACH: — Employee Development PERFORMANCE DATA SUMMARY

Environmental, Social and Governance Report

KPIs	HKEX ESG Reporting Code Requirements	Section/Remarks
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.	ADHERING TO A PEOPLE-ORIENTED APPROACH: LAW'S AND REGULATIONS ESG CONTENT INDEX: — Relevant Policy During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	ADHERING TO A PEOPLE-ORIENTED APPROACH: — Employee Composition
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	ADHERING TO A PEOPLE-ORIENTED APPROACH: — Employee Composition
Aspect B5	Supply chain management	
General disclosure	Policies on managing environmental and social risks of the supply chain	PURSUING OPERATIONAL EXCELLENCE: — Responsible Supply Chain
KPI B5.1	Number of suppliers by geographical region.	PURSUING OPERATIONAL EXCELLENCE: — Responsible Supply Chain
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	PURSUING OPERATIONAL EXCELLENCE: — Responsible Supply Chain
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	PURSUING OPERATIONAL EXCELLENCE: — Responsible Supply Chain

Environmental, Social and Governance Report

KPIs	HKEX ESG Reporting Code Requirements	Section/Remarks
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	PURSUING OPERATIONAL EXCELLENCE: — Responsible Supply Chain
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.	PURSUING OPERATIONAL EXCELLENCE: — Product Responsibility LAW'S AND REGULATIONS During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	PURSUING OPERATIONAL EXCELLENCE: — Privacy Protection
KPI B6.4	Description of quality assurance process and recall procedures.	PURSUING OPERATIONAL EXCELLENCE: — Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	PURSUING OPERATIONAL EXCELLENCE: — Privacy Protection

Environmental, Social and Governance Report

KPIs	HKEX ESG Reporting Code Requirements	Section/Remarks
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 bribery, extortion, fraud and money laundering.	<p>PURSUING OPERATIONAL EXCELLENCE: — Anti-corruption LAW'S AND REGULATIONS</p> <p>ESG CONTENT INDEX: — Relevant Policy</p> <p>During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.</p>
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.	<p>PURSUING OPERATIONAL EXCELLENCE: — Anti-corruption</p>
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	<p>PURSUING OPERATIONAL EXCELLENCE: — Anti-corruption</p>
KPI B7.3	Description of anti-corruption training provided to directors and staff.	<p>PURSUING OPERATIONAL EXCELLENCE: — Anti-corruption</p>
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 CARING
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	COMMUNITY CARING
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	COMMUNITY CARING

Independent Auditor's Report



CCTH CPA LIMITED
中正天恆會計師有限公司

TO THE SHAREHOLDERS OF
CHINA CULTURAL TOURISM AND AGRICULTURE GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Cultural Tourism and Agriculture Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 71 to 143, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

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 were 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 borrowings 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 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 principals 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.

Independent Auditor's Report

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 these 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.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report that include our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability for any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

CCTH CPA Limited

Certified Public Accountants
Hong Kong, 28 March 2025

Lau Tat Ki

Practising Certificate Number: P08160

Unit 1510–1517, 15/F., Tower 2,
Kowloon Commerce Centre,
No. 51 Kwai Cheong Road,
Kwai Chung, N.T.,
Hong Kong

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
REVENUE	8	216,159	305,020
Cost of sales		(123,684)	(187,255)
Gross profit		92,475	117,765
Other income and gains	9	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	10	(133,517)	(147,252)
LOSS BEFORE TAX	12	(231,684)	(168,934)
Income tax expense	13	(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)
		HK cents	HK cents
LOSS PER SHARE	14		
— Basic		(2.65)	(2.65)
— Diluted		N/A	N/A

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

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

Consolidated Statement of Financial Position

As at 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	132,895	153,237
Right-of-use assets	18	40,665	42,769
Properties under development	19	1,567,804	1,623,860
Licensing rights	20	277	480
TOTAL NON-CURRENT ASSETS		1,741,641	1,820,346
CURRENT ASSETS			
Properties held for sale	22,23	843,756	1,026,602
Inventories	24	2,575	3,433
Trade receivables	25	1,911	1,021
Prepayments, deposits and other receivables	26	378,964	391,323
Amount due from a director		159	165
Amount due from a non-controlling shareholder		351	363
Restricted bank balances	27	100,826	131,912
Cash and cash equivalents	28	8,656	13,370
TOTAL CURRENT ASSETS		1,337,198	1,568,189
TOTAL ASSETS		3,078,839	3,388,535
CURRENT LIABILITIES			
Trade payables, other payables and accruals	29	641,586	519,459
Contract liabilities	33	34,634	178,623
Amounts due to non-controlling shareholders	30	13,457	2,206
Loans and borrowings — due within one year	32	800,627	320,905
Tax payable		265,018	281,788
TOTAL CURRENT LIABILITIES		1,755,322	1,302,981
NET CURRENT (LIABILITIES)/ASSETS		(418,124)	265,208
TOTAL ASSETS LESS CURRENT LIABILITIES		1,323,517	2,085,554

Consolidated Statement of Financial Position

As at 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
NON-CURRENT LIABILITIES			
Loans and borrowings — due after one year	32	713,621	1,160,820
Other payables	29	251,457	468,013
Amount due to a director	31	153,121	148,580
Promissory note payable	34	136,815	133,182
Deferred tax liabilities	35	86,591	87,045
TOTAL NON-CURRENT LIABILITIES		1,341,605	1,997,640
NET (LIABILITIES)/ASSETS			
		(18,088)	87,914
Share capital	36	76,872	76,872
Reserves		(222,818)	(20,796)
(Deficit)/equity attributable to owners of the Company		(145,946)	56,076
Non-controlling interests		127,858	31,838
TOTAL (DEFICIT)/EQUITY		(18,088)	87,914

The consolidated financial statements on pages 71 to 143 was approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

YANG Lijun
Director

TAM Ka Wai
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company								
	Share capital HK\$'000	Share premium account HK\$'000	Foreign currency translation reserve HK\$'000	Capital reduction reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2023	69,464	778,892	(3,316)	191,925	26,533	(960,861)	102,637	46,309	148,946
Loss for the year	-	-	-	-	-	(192,711)	(192,711)	(11,718)	(204,429)
Other comprehensive loss for the year	-	-	(2,012)	-	-	-	(2,012)	(2,841)	(4,853)
Total comprehensive loss for the year	-	-	(2,012)	-	-	(192,711)	(194,723)	(14,559)	(209,282)
Issue of shares (Note 38)	7,408	140,754	-	-	-	-	148,162	-	148,162
Acquisition of additional interest of a subsidiary	-	-	-	-	-	-	-	88	88
At 31 December 2023	76,872	919,646	(5,328)	191,925	26,533	(1,153,572)	56,076	31,838	87,914
At 1 January 2024	76,872	919,646	(5,328)	191,925	26,533	(1,153,572)	56,076	31,838	87,914
Loss for the year	-	-	-	-	-	(203,483)	(203,483)	(28,592)	(232,075)
Other comprehensive loss for the year	-	-	(1,718)	-	-	-	(1,718)	(5,162)	(6,880)
Total comprehensive loss for the year	-	-	(1,718)	-	-	(203,483)	(205,201)	(33,754)	(238,955)
Change of equity interest in a subsidiary without loss of control (Note 11)	-	-	-	-	3,179	-	3,179	129,774	132,953
At 31 December 2024	76,872	919,646	(7,046)	191,925	29,712	(1,357,055)	(145,946)	127,858	(18,088)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(232,075)	(204,429)
Income tax expense	13	391	35,495
Loss before tax		(231,684)	(168,934)
Adjustments for:			
Finance costs	10	133,517	147,252
Bank interest income	9	(202)	(504)
Depreciation of property, plant and equipment	17	18,556	18,649
Depreciation of right-of-use assets	18	1,887	2,291
Amortisation of licensing rights	20	197	923
Impairment loss on property held for sale	22	74,149	153,169
Impairment loss on properties under development		10,092	–
Impairment loss on licensing rights	20	–	1,749
Expected credit loss on other receivables		12,680	–
Net foreign exchange (gains)/losses		(21,467)	33,710
Gain on modification of financial liabilities	9	–	(87,830)
Fair value change of financial liabilities	9	–	(4,720)
Operating cash flows before working capital changes		(2,275)	95,755
Decrease in properties held for sale under development		92,640	116,585
Decrease/(increase) in inventories		858	(2,492)
Increase in trade receivables		(942)	(801)
Increase in prepayments, deposits and other receivables		(13,662)	(127,635)
Decrease in restricted bank balances		27,195	97,680
Increase/(decrease) in trade payables, other payables and accruals		61,366	(239,489)
Decrease in contract liabilities		(137,116)	(198,350)
Increase in amount due to non-controlling interest		28	2,128
Cash generated from/(used in) operating activities		28,092	(256,619)
Income tax paid		–	(649)
Net cash generated from/(used in) operating activities		28,092	(257,268)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Bank interest income received	202	504
Purchase of property, plant and equipment	(182)	(222)
Proceeds from disposal of property, plant and equipment	–	30
Acquisition of a subsidiary	–	(38,922)
Net cash generated from/(used in) investing activities	20	(38,610)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of loans and borrowings	15,006	259,122
Repayment of loans and borrowings	(47,022)	(32,865)
Payment of principal of lease liabilities	–	(490)
Interest paid	(5,567)	(57,811)
Advance from a director	5,121	125,481
Net cash (used in)/generated from financing activities	(32,462)	293,437
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,350)	(2,441)
Effect of foreign exchange rate changes, net	(364)	(316)
Cash and cash equivalents at 1 January	13,370	16,127
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	8,656	13,370

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

2. BASIS OF PREPARATION (Continued)

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 borrowings 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 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 principals 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

4. NEW AND AMENDMENTS HKFRSs IN ISSUE BUT NOT YET EFFECTIVE

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION

(a) Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Company has power over the investee; the Group is exposed, or has rights, to variable returns from its involvement with the investee; and the Group 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).

When the Company has, directly or indirectly, 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:

- i the contractual arrangement with the other vote holders of the investee;
- ii rights arising from other contractual arrangements; and
- iii the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(b) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(c) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(c) Fair value measurement (Continued)

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

(d) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required, 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.

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

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 is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(e) Property, plant and equipment and depreciation

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

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

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

Buildings	2% to 5%
Furniture, fixtures and equipment	20% to 50%
Motor vehicles	20%

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

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

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. After initial recognition, an intangible asset shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least once each financial year.

The Group's intangible asset mainly consists of licensing rights.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(g) Leases

Definition of 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.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases

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

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(g) Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments includes:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(g) Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(g) Leases (Continued)

The 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. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income and gains 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 except for investment properties measured under fair value model.

(h) Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal group) classified as held for sale are measured at the lower of their previous carrying amount and fair value less cost to sell, except for financial assets within the scope of HKFRS 9 and investment properties which continue to be measured in accordance with the accounting policies as set out in respective sections.

(i) Properties under development

Properties under development is stated at cost less impairment losses, if any. Cost of the properties includes purchase consideration, acquisition costs, development expenditure, interest and other direct costs attributable to such properties.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(j) Properties held for sale and properties held for sale under development

Properties held for sale and properties held for sale under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to sale proceeds received after the year end date less selling expenses, or by management estimates based on prevailing market condition.

Costs of properties include acquisition costs, development expenditure, interest and other direct costs attributable to such properties. The carrying values of properties held by subsidiaries are adjusted in the consolidated financial statements to reflect the Group's actual acquisition costs where appropriate.

(k) Inventories

Inventories comprising hygiene products, foodstuffs, beverages and other consumables are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and comprises costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(l) Financial instruments

Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses on change in fair value will either be recorded in profit or loss or other comprehensive income. For investments in equity investments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income is recognised when the right to receive payment is established.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(I) Financial instruments (Continued)

Financial assets (Continued)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are recorded in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are recognised in the consolidated statement of profit or loss and are included in "other losses". Interest income from these financial assets is included in finance income or other income using the effective interest method.

Equity investments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to recognise fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Where the Group elected to present equity investments at fair value through profit or loss, changes in the fair value of financial assets are recognised in the consolidated statement of profit or loss and are included in other gains/(losses).

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(I) Financial instruments (Continued)

Financial assets (Continued)

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 48 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Financial liabilities

(i) Initial recognition and measurement

Financial liabilities at initial recognition are classified as financial liabilities at fair value through profit or loss, or financial liabilities at amortised cost, as appropriate.

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

The Group's financial liabilities at amortised cost include trade payables, other payables and accruals, amount due to non-controlling interest, amount due to a director, promissory note payable, lease liabilities and loans and borrowings.

(ii) Subsequent measurement

After initial recognition, financial liabilities 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.

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

(iii) Derecognition of financial liabilities

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(l) Financial instruments (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only 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.

(m) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(n) 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 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 the consolidated statement of profit or loss.

(o) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 5(s)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(p) Income tax expense

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

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

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

- when the deferred tax liability arises from the initial recognition of 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
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and a joint venture, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward 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 carryforward of unused tax credits and unused tax losses can be utilised, except:

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(p) Income tax expense (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 the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(q) Employee benefits

Employee leave entitlements

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

Retirement benefits

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 in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(r) Foreign currency translation

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 the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(r) Foreign currency translation (Continued)

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).

For the preparation of the Group's consolidated financial statements, the assets and liabilities of group entities at end of the reporting period are translated into the presentation currency of the Company (i.e. Hong Kong dollar) at the exchange rates prevailing at the reporting date and their income and expenses for the year are translated into Hong Kong dollars at the average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and provision of services in the ordinary course of the Group's activities. Revenue is shown after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from contracts with customers

Revenues are recognised when or as the control of the asset is transferred to the buyer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the buyer;
- creates and enhances an asset that the buyer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the buyer obtains control of the asset.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(s) Revenue recognition (Continued)

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

(i) Sales of properties

Revenue from the sales of properties held for sale in the PRC in the ordinary course of business is recognised at point in time when control of completed property is transferred to customer, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable.

Deposits and instalments received on properties sold prior to the date of revenue recognition are included in contract liabilities under contract liabilities in the consolidated statement of financial position.

(ii) Licensing for hotel operations

Revenue from sub-licence rights are recognised over the licence period in accordance with the terms stated in the licence agreements.

(iii) Manufacturing of hygiene products and retail sales

Revenue from manufacturing of hygiene products and retail sales are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(iv) Agency fee from property agency business

Agency fee from property agency business is recognised in the accounting period in which the related services are rendered and there are right to invoice.

(t) 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 capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. For properties under development, for which revenue is recognised over time, the Group ceases to capitalise borrowing cost as soon as the properties are ready for the Group's intended sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

5. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (Continued)

(u) 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 personnel services to the Group or to the parent of the Group.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, 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.

Key sources of estimation uncertainty

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

Impairment of properties under development

Management of the Group determines the properties under development are impaired when there is impairment indicator noted. Impairment losses on properties under development are recognised when the carrying amount of the asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and value in use. The fair values of the properties are estimated by reference to their expected selling prices which are affected by market conditions. The value in use calculation requires the use of estimates such as the future cash flows and discount rates.

As at 31 December 2024, the carrying amount of properties under development is approximately HK\$1,567,804,000 (2023: HK\$1,623,860,000). Impairment loss of approximately HK\$10,092,000 for the properties under development was recognised in profit or loss of the Group in respect of the current year (2023: Nil).

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Impairment of other tangible and intangible assets other than financial assets

If circumstances indicate that the carrying amount of other tangible and intangible assets may not be recoverable, the assets may be considered impaired, and an impairment loss may be recognised to reduce the carrying amounts to their recoverable amounts. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. The fair value less costs of disposal is estimated by reference to comparable sales evidence and market conditions. For the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant estimates and judgments relating to level of future income and operating costs. Changes in these estimates could have significant impact on the carrying amounts of these assets and could result in additional impairment charge or reversal of impairment, if any, in future periods. No impairment loss on licensing right was recognised in profit or loss in respect of the current year (2023: HK\$1,749,000). No impairment loss on property, plant and equipment was recognised in profit or loss in respect of the current year (2023: HK\$Nil).

Impairment of properties held for sale under development and properties held for sale

Management assessed the recoverability of the properties held for sale under development and properties held for sale based on an estimation of the net realisable value of the underlying properties which involves, inter-alia, considerable analysis of current market price of properties of a comparable standard and location. If the actual net realisable value of the underlying properties are less than expected as a result of change in market condition and/or significant variation in the budgeted development costs, material provision for impairment losses may result.

Details of the properties held for sale under development and properties held for sale are disclosed in Notes 22 and 23 respectively. Impairment loss of approximately HK\$74,149,000 for the properties held for sale under development was recognised in profit or loss of the Group in respect of the current year (2023: impairment loss of HK\$153,169,000). Impairment loss for the properties held for sale recognised for both years.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

6. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Impairment of trade and other receivables

The Group applies the simplified approach to provide for expected credit loss in respect of trade receivables. The provision rates are based on groupings of various debtors that have similar loss patterns and the Group's historical default rates and forward-looking information that is receivable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired are assessed for expected credit loss individually. The provision for expected credit loss is sensitive to changes in estimates.

The Group uses four categories for other receivables which reflect their credit risk and how the loss provision is determined. These internal credit risk ratings are aligned to external credit ratings, where possible.

The information about the expected credit loss on the Group's trade and other receivables are disclosed in Note 48. Expected credit loss of approximately HK\$12,680,000 for the other receivables was recognised in profit or loss of the Group in respect of the current year (2023: Nil).

Land appreciation tax

The Group's properties in the PRC is subjected to PRC land appreciation tax. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain property development projects of the Group have not finalised their land appreciation tax calculations and payments with local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

7. 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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

7. OPERATING SEGMENT INFORMATION (Continued)

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
Total segment revenue	214,179	296,949	619	631	1,361	7,440	216,159	305,020
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							(231,684)	(168,934)

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

7. OPERATING SEGMENT INFORMATION (Continued)

	As at 31 December							
	Property Development		Hotel Business		Other Business		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 assets	2,886,590	3,168,015	175,517	197,282	7,848	9,321	3,069,955	3,374,618
Unallocated assets							8,884	13,917
Total assets							3,078,839	3,388,535
Segment liabilities	2,586,647	2,822,722	85,016	88,092	14,385	12,180	2,686,048	2,922,994
Unallocated liabilities							410,879	377,627
Total liabilities							3,096,927	3,300,621

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

- all assets are allocated to reportable segments other than certain restricted bank balances, unallocated prepayments, deposits and other receivables and cash and bank balances.
- 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	Hotel Business	Other Business	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

7. OPERATING SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 December 2023

	Property Development HK\$'000	Hotel Business HK\$'000	Other Business HK\$'000	Unallocated HK\$'000	Total HK\$'000
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 HK\$'000	2023 HK\$'000
REVENUE		
— PRC	216,159	305,020

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 HK\$'000	2023 HK\$'000
Customer A (Note)	N/A	156,961

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

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

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

Disaggregated by timing of revenue recognition

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

9. OTHER INCOME AND GAINS

	2024 HK\$'000	2023 HK\$'000
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
	2,010	95,802

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

10. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
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
	142,006	160,153
Less: Amount capitalised on properties under development	(8,489)	(12,901)
	133,517	147,252

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

11. CHANGE IN OWNERSHIP INTEREST IN SUBSIDIARIES

Partial disposal of China Cultural Tourism Group Limited

During the year ended 31 December 2024, the Company has entered a deed of settlement with an independent third party to settle the outstanding payable of approximately RMB135,676,000 (equivalent to approximately HK\$144,251,000) by (i) transferring the 41% equity interest of China Cultural Tourism Group Limited and its subsidiaries (collectively refer to “**Target Group**”) to settle payable of approximately RMB125,050,000 (equivalent to approximately HK\$132,953,000) and (ii) remaining balance of approximately RMB10,626,000 (equivalent to approximately HK\$11,298,000) by cash settlement. The transfer was completed on 16 December 2024 and the effective interest in Target Group has been changed from 100% to 59% without loss of control. Target Group was principally engaged into property investment.

The above-mentioned transaction constituted an equity transaction with non-controlling interest and the difference between the portion of the outstanding payable to the non-controlling interest and the relevant share of the carrying amount of the net assets of Target Group, being approximately HK\$3,179,000, was credited to other reserve.

A schedule of the effect on consolidated financial statements is as follows:

	HK\$'000
Carrying amount of interest disposed of	129,774
Outstanding payable to the non-controlling interest	(132,953)
Difference recognised in other reserves within equity	(3,179)

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

12. LOSS BEFORE TAX

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

	2024 HK\$'000	2023 HK\$'000
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
	123,684	187,255
Depreciation of property, plant and equipment	18,556	18,649
Depreciation of right-of-use assets	1,887	2,291
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	10,409	6,705

13. INCOME TAX EXPENSE

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

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.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

13. INCOME TAX EXPENSE (Continued)

(b) The income tax expense can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before tax	(231,684)	(168,934)
Tax at statutory tax rates applicable in the respective countries (or jurisdictions)	(45,602)	(33,027)
Income not subject to tax	(27,525)	(30,379)
Expenses not deductible for tax	41,843	7,009
Tax losses not recognised for the year	31,292	61,551
Tax effect of temporary differences previously recognised	(454)	(452)
LAT	837	30,793
Income tax expense	391	35,495

14. 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.

15. DIRECTORS' REMUNERATION

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about benefits of Directors) Regulation are as follows:

	2024 HK\$'000	2023 HK\$'000
Fees:		
Executive directors	840	820
Non-executive directors	120	120
Independent non-executive directors	360	360
	1,320	1,300
Other emoluments:		
Executive directors:		
Basic salaries and allowances	–	383
Retirement benefits scheme contributions	–	–
Non-executive directors	–	–
Independent non-executive directors	–	–
	–	383
	1,320	1,683

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

15. DIRECTORS' REMUNERATION (Continued)

The emoluments paid or payable to directors are as follows:

Year ended 31 December 2024

Name of directors	Directors' fees HK\$'000	Basic salaries and allowances HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors				
YANG Lijun	–	–	–	–
GAO Jingyao ⁶	720	–	–	720
TAM Ka Wai ¹	120	–	–	120
Non-executive directors				
WONG Yuk Lun, Alan ²	120	–	–	120
Independent non-executive directors				
SO Wai Lam ³	70	–	–	70
CHAN Hoi Ling	120	–	–	120
CHAN Chu Hoi ^{2, 7}	120	–	–	120
TSUI Wai Ting Rosalie ⁴	50	–	–	50
	1,320	–	–	1,320

Year ended 31 December 2023

Name of directors	Directors' fees HK\$'000	Basic salaries and allowances HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors				
YANG Lijun	–	–	–	–
GAO Jingyao ⁶	720	383	–	1,103
TAM Ka Wai ¹	100	–	–	100
Non-executive directors				
WONG Yuk Lun, Alan ²	99	–	–	99
WONG Kui Shing, Danny ⁵	21	–	–	21
Independent non-executive directors				
SO Wai Lam ³	120	–	–	120
CHAN Hoi Ling	120	–	–	120
CHAN Chu Hoi ^{2, 7}	99	–	–	99
SUNG Yat Chun ⁵	21	–	–	21
	1,300	383	–	1,683

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

15. DIRECTORS' REMUNERATION (Continued)

- ¹ Mr. TAM Ka Wai appointed as executive director on 3 March 2023.
- ² Mr. WONG Yuk Lun Alan and Ms. CHAN Chun Hoi were appointed as non-executive director and independent non-executive director respectively on 3 March 2023.
- ³ Ms. So Wai Lam was resigned as independent non-executive director on 31 July 2024.
- ⁴ Ms. TSUI Wai Ting Rosalie was appointed as independent non-executive director on 31 July 2024.
- ⁵ Mr. WONG Kui Shing Danny and Mr. SUNG Yat Chun resigned as non-executive director and independent non-executive director respectively on 3 March 2023.
- ⁶ Mr. GAO Jingyao was resigned as executive director on 19 February 2025.
- ⁷ Ms. CHAN Chu Hoi was resigned as independent non-executive director on 1 March 2025.

There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 December 2024 and 2023. No bonus was paid to directors for the year ended 31 December 2024 and 2023.

There was no payment of discretionary compensation or compensation for loss of office in 2024 (2023: Nil).

16. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2023: nil) director, details of whose remuneration are set out in Note 15 above. Details of the remuneration for the year of the remaining four (2023: five) highest paid employees who are neither a director nor a chief executive are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	1,666	3,097
Retirement benefits scheme contributions	71	68
	1,737	3,165

The highest paid employees, neither a director nor a chief executive, whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK\$Nil to HK\$1,000,000	4	3
HK\$1,000,001 to HK\$2,000,000	–	2

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:				
At 1 January 2023	776,570	93,275	1,338	871,183
Additions	–	24	198	222
Disposals	–	(35)	–	(35)
Exchange realignment	(5,744)	(3,320)	200	(8,864)
At 31 December 2023 and 1 January 2024	770,826	89,944	1,736	862,506
Additions	–	173	9	182
Exchange realignment	(6,627)	(14,288)	(576)	(21,491)
At 31 December 2024	764,199	75,829	1,169	841,197
Accumulated depreciation and impairment:				
At 1 January 2023	603,187	93,141	1,115	697,443
Depreciation provided for the year	18,517	55	77	18,649
Eliminated on disposals	–	(5)	–	(5)
Exchange realignment	(3,703)	(3,314)	199	(6,818)
At 31 December 2023 and 1 January 2024	618,001	89,877	1,391	709,269
Depreciation provided for the year	18,355	65	136	18,556
Exchange realignment	(4,675)	(14,282)	(566)	(19,523)
At 31 December 2024	631,681	75,660	961	708,302
Carrying amount:				
At 31 December 2024	132,518	169	208	132,895
At 31 December 2023	152,825	67	345	153,237

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

- (a) The Group's buildings with the carrying amount of HK\$132,518,000 (2023: HK\$152,825,000) are pledged to a financial institution to secure the loans granted to the Group (Notes 21 and 32).
- (b) During the year ended 31 December 2023, the Group carried out a review of the recoverable amount of the hotel buildings together with the related right-of-use assets (Note 18) and licencing rights (Note 20) (together the "Hotel Operation Cash-generating Unit"). The recoverable amount of the Hotel Operation Cash-generating Unit as at 31 December 2023 was determined based on the fair value of the related hotel property less costs of disposal, by reference to the valuation carried out by Messrs. B.I. Appraisals Limited, an independent qualified professional valuer not connected with the Group, who are the members of The Hong Kong Institute of Surveyors and the value in use calculation.

Valuation of the hotel property was determined using direct comparison method by reference to comparable sales evidence as available in the relevant market and, where appropriate, on the basis of capitalisation of the net rental (licencing) income with due allowance for the reversionary income potential of the hotel building, with 7.05% yield over the terms approximately 2.4 years and the management's best estimates achievable assuming that the hotel was operated by market participants. Valuation of the licencing rights was determined using the value in use calculation covering the useful life of licencing rights and based on the income generated from the licencing agreement. Discount rate of 19.03% were used and was pre tax and reflects relating to the relevant cash generating units.

The significant inputs used in the valuation of the Group's hotel property are yield, rental/licencing income and average market unit price per square metre. In general, any significant changes in any of those inputs in isolation would result in a significantly change in the valuation amount. Specifically, an increase in the assumption used for rental/licencing income or average market unit price per square metre was accompanied by an increase in the valuation amount of the Group's hotel property. However, an increase in the assumption used for yield was accompanied by a decrease in the valuation amount of the hotel property.

Having performed a review of the recoverable amount of the Hotel Operation Cash-generating Unit on the basis of fair value less costs of disposal of the hotel property, the directors are of the view that no impairment losses for the current year are required to be made in the consolidated financial statements. Impairment loss of HK\$1,749,000 in respect of licencing rights was recognised in the profit and loss for the year ended 31 December 2023.

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For the year ended 31 December 2024

18. RIGHT-OF-USE ASSETS

	Leased land HK\$'000	Leased properties HK\$'000	Total HK\$'000
Carrying amount at 1 January 2023	44,861	399	45,260
Depreciation provided for the year	(1,892)	(399)	(2,291)
Exchange realignment	(200)	–	(200)
Carrying amount at 31 December 2023	42,769	–	42,769
Carrying amount at 1 January 2024	42,769	–	42,769
Depreciation provided for the year	(1,887)	–	(1,887)
Exchange realignment	(217)	–	(217)
Carrying amount at 31 December 2024	40,665	–	40,665

The Group's leased land represent the payments for land use rights in the PRC. This leased land with the carrying amount of HK\$40,665,000 as at 31 December 2024 (2023: HK\$42,769,000) had been pledged to a financial institution to secure loans (Notes 21 and 32).

As at 31 December 2024, the remaining lease terms of leased land over which depreciation to be taken up are approximately 22 years (2023: 23 years).

Leased properties represent certain parts of Group's office properties leased under wide range of different terms and conditions. Leases for properties are negotiated for terms ranging from one to two years. None of the leases include contingent rentals.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

18. RIGHT-OF-USE ASSETS (Continued)

Expenses have been charged to the consolidated statement of profit or loss in respect of the current year as follows:

	2024 HK\$'000	2023 HK\$'000
Depreciation of right-of use assets:		
— Leased land	1,887	1,892
— Leased properties	—	399
	1,887	2,291
Interest on lease liabilities	—	25
Rental expense relating to short-term leases	653	643

The total cash outflow for leases for the year ended 31 December 2024 is HK\$653,000 (2023: HK\$1,133,000), of which HK\$653,000 and HK\$nil (2023: HK\$643,000 and HK\$490,000) are included in operating activities and financing activities respectively.

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

19. PROPERTIES UNDER DEVELOPMENT

	2024 HK\$'000	2023 HK\$'000
Properties under development, at cost	1,567,804	1,623,860

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

20. LICENSING RIGHTS

	2024 HK\$'000	2023 HK\$'000
Cost		
At 1 January	91,311	91,831
Exchange realignment	(390)	(520)
At 31 December	90,921	91,311
Accumulated amortisation and impairment		
At 1 January	90,831	88,671
Amortisation charge for the year	197	923
Impairment losses recognised in profit or loss	–	1,749
Exchange realignment	(384)	(512)
At 31 December	90,644	90,831
Carrying amount		
At 31 December	277	480

The licensing rights represent the rights granted to hotel operating rights holders to operate and manage the Group's hotel located in Maoming City, the PRC under hotel operating rights agreements.

As at 31 December 2024, the remaining useful lives of the licensing rights over which amortisation to be taken up are approximately 17 months (2023: 29 months). The useful lives of licensing rights are determined by reference to the tenure of the aforesaid hotel operating rights agreements.

During the year ended 31 December 2023, management of the Group conducted an impairment assessment of the licencing rights as detailed in Note 17(b) and is of the view that an impairment of HK\$1,749,000 (2024: Nil) is required to be made in respect of the licencing rights for the year ended 31 December 2023.

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For the year ended 31 December 2024

21. PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group were pledged to banks and financial institutions to secure general banking and loan facilities granted to subsidiaries of the Group.

	2024 HK\$'000	2023 HK\$'000
Carrying amount of the assets pledged:		
Buildings (<i>Notes 17(a) and 32</i>)	132,518	152,825
Right-of-use assets — leasehold land (<i>Notes 18 and 32</i>)	40,665	42,769
Properties held for sale under development (<i>Notes 22 and 32</i>)	291,540	424,054
Properties under development (<i>Notes 19 and 32</i>)	573,440	593,288
	1,038,163	1,212,936
Pledged restricted bank balances including:		
Amount pledged to banks to secure bank loans (<i>Notes 27 and 32</i>)	43,909	57,343
Aggregate carrying amount of assets pledged	1,082,072	1,270,279

In addition, as at 31 December 2024 and 2023, all the equity interests in a subsidiary beneficially held by the Group and non-controlling shareholders were pledged to secure bank loan facilities granted to the Group (Note 32).

22. PROPERTIES HELD FOR SALE UNDER DEVELOPMENT

Movements of the properties in the PRC held for sale under development are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	1,026,602	1,047,016
Development expenditure incurred for the year	29,756	101,253
Acquisition of subsidiaries	–	226,662
Transferred to cost of sales	(122,396)	(178,836)
Interest capitalised (<i>Note 10</i>)	7,991	11,694
Impairment loss recognised	(74,149)	(153,169)
Exchange realignment	(24,048)	(28,018)
At 31 December	843,756	1,026,602

Included in properties held for sale under development are certain land parcels located in Chengdu, the PRC with the carrying amount of HK\$70,172,000 as at 31 December 2024 (2023: HK\$189,200,000) which had been pledged to a financial institution to secure bank loans granted to the Group (Notes 21 and 32).

23. PROPERTIES HELD FOR SALE

	2024 HK\$'000	2023 HK\$'000
Properties held for sale	843,756	1,026,602

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

24. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Goods	2,575	3,433

25. TRADE RECEIVABLES

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

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 HK\$'000	2023 HK\$'000
Within 1 month	592	317
1–3 months	159	55
4–12 months	1,160	649
	1,911	1,021

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

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

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Prepayments and deposits paid	361,506	341,130
Other receivables		
— Value added tax recoverable	30,138	50,193
Expected credit loss recognised	(12,680)	—
	378,964	391,323

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

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

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	–	–
Expected credit loss recognised	12,680	–
At the end of the year	12,680	–

27. RESTRICTED BANK BALANCES

	2024 HK\$'000	2023 HK\$'000
Guarantee deposits for construction of pre-sold properties	100,826	131,912

In accordance with relevant documents issued by the PRC local State-Owned Land and Resource Bureau, proceeds received by the Group from pre-sale of properties are placed with banks and these deposits with banks are only applied for the payments of property development expenditure incurred for the Group's relevant property projects.

The Group's restricted bank balances of HK\$43,909,000 (2023: HK\$57,343,000) have been pledged to secure bank loans granted to the Group (Notes 21 and 32).

28. CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	8,656	13,370
Cash and cash equivalents	8,656	13,370

As at 31 December 2024, the cash and bank balances of the Group to the extent of HK\$4,807,000 (2023: HK\$9,030,000) were denominated in RMB. The RMB is not freely convertible into other currencies. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, it is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term bank deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates. The bank balances and restricted bank balances (Note 27) are deposited with creditworthy banks with no recent history of default.

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For the year ended 31 December 2024

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2024 HK\$'000	2023 HK\$'000
Trade payables for property development expenditure (Note a)	271,030	277,835
Value-added tax payable	97,320	117,037
Interest payable	271,183	249,542
Other payables and accruals	253,510	343,058
	894,043	987,472
Analysed for reporting purpose:		
— Current liabilities	641,586	519,459
— Non-current liabilities	251,457	468,013
	893,043	987,472

Note:

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

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

30. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

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

31. AMOUNT DUE TO A DIRECTOR

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

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

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For the year ended 31 December 2024

32. LOANS AND BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Bank loans		
— secured	537,322	573,048
Other loans and borrowings		
— secured	228,356	211,220
— unsecured	748,570	697,457
	976,926	908,677
	1,514,248	1,481,725
	2024 HK\$'000	2023 HK\$'000
Loans and borrowings repayable:		
Within 1 year or on demand	800,627	320,905
After 1 year but within 2 years	318,580	–
After 2 years but within 5 years	395,041	1,160,820
	1,514,248	1,481,725
Less: Portion repayable within one year included in current liabilities	(800,627)	(320,905)
Portion not repayable within one year included in non-current liabilities	713,621	1,160,820
	2024 HK\$'000	2023 HK\$'000
Loans and borrowings chargeable at		
— fixed interest rates	467,684	446,739
— variable interest rates	1,046,564	1,034,986
	1,514,248	1,481,725

Bank loans

The bank loans outstanding at 31 December 2024 carried interests at the interest rates ranged from HIBOR plus 3.5% to a fixed rate of 8.8% per annum. The bank loans outstanding at 31 December 2023 carried interests at the interest rates ranged from HIBOR plus 3.5% to a fixed rate of 8.8% per annum.

The bank loans at 31 December 2024 to the extent of HK\$157,798,000 (2023: HK\$157,798,000) were secured by (i) pledge of all the equity interest in a subsidiary beneficially held by the Group and non-controlling shareholders (ii) guarantees given by a former director of the Company; (iii) guarantees given by a non-controlling shareholder of the subsidiary; and (iv) pledge of the Group's restricted bank balances of HK\$43,909,000 (2023: HK\$57,434,000) (Note 27).

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For the year ended 31 December 2024

32. LOANS AND BORROWINGS (Continued)

Bank loans (Continued)

Included in bank loans of HK\$225,804,000 as at 31 December 2024 (2023: HK\$256,248,000) which repayable within 1 year are contain a repayment on demand clause.

The bank loans at 31 December 2024 to the extent of HK\$68,006,000 (2023: HK\$98,450,000) were secured by (i) guarantees given by a director of the Company, Mr. Yang Lijun; (ii) guarantees given by a company which is controlled by a brother of a director, Mr. Yang Lijun; (iii) guarantees given by a subsidiary of the Company; (iv) pledge of the Group's properties held for sale under development located in Chengdu, the PRC with the carrying amount of HK\$70,172,000 (2023: HK\$189,200,000); and (v) pledge of the Group's restricted bank balances of HK\$43,909,000 (2023: HK\$57,343,000) (Note 27).

The bank loans at 31 December 2024 of HK\$70,172,000 (2023: HK\$72,600,000) was secured by the Group's leasehold land and buildings located in Maoming City, the PRC with the aggregate carrying amount of HK\$173,183,000 (2023: HK\$195,594,000) (Notes 17 and 18).

As at 31 December 2024, the loan of HK\$241,346,000 (2023: HK\$244,200,000) was secured by (i) guarantees given by a director of the Company, Mr. Yang Lijun; (ii) pledge of the Group's properties under development and properties held for sale under development located in Zhuhai, the PRC with the aggregate carrying amount of HK\$794,808,000 (2023: HK\$828,142,000).

Other loans and borrowings

Other loans and borrowings carried interests at the interest rates ranged from 9% to 15% per annum. At 31 December 2024, secured loans and unsecured borrowings amounted to HK\$228,356,000 (2023: HK\$211,220,000) and HK\$280,887,000 (2023: HK\$250,719,000) were secured by guarantees given by Mr. Yang Lijun and Mr. Yu Shunhui, directors of the Company, respectively.

Included in other loans and borrowings of HK\$64,217,000 (2023: nil) is repayable on demand.

The loans and borrowings with the aggregate carrying amount of HK\$336,396,000 (2023: HK\$304,055,000) are denominated in currencies other than the functional currencies of the relevant group entities.

33. CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Advance payments received for sales of properties	34,634	178,623

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.

34. PROMISSORY NOTE PAYABLE

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

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35. DEFERRED TAX LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Deferred tax liabilities	86,591	87,045

Movements in deferred tax liabilities were as follows:

	Fair value adjustment to properties under development and held for sale on business combination HK\$'000	Accelerated tax depreciation HK\$'000	Total HK\$'000
At 1 January 2023	(78,087)	(9,429)	(87,516)
Credited to profit or loss (Note 13(a))	71	399	470
Exchange realignment	1	-	1
At 31 December 2023 and 1 January 2024	(78,015)	(9,030)	(87,045)
Credited to profit or loss (Note 13(a))	55	399	454
At 31 December 2024	(77,960)	(8,631)	(86,591)

As at 31 December 2024, the Group has tax losses arising in Hong Kong of HK\$49,870,000 (2023: HK\$49,870,000) that are available indefinitely for offsetting against future taxable profits of the relevant Group's relevant subsidiaries in which the losses arose. The Group also had tax losses arising in the PRC of HK\$136,351,000 at 31 December 2024 (2023: HK\$100,532,000) that will expire in one to five years for offsetting against future taxable profits. No deferred tax asset has been recognised in respect of these tax losses, due to the unpredictability of future profit streams.

36. SHARE CAPITAL

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

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37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSET		
Investments in subsidiaries	188,627	188,627
CURRENT ASSETS		
Prepayments, deposits and other receivables	87	504
Amounts due from subsidiaries	–	529,560
Cash and cash equivalents	3,594	3,586
	3,681	533,650
CURRENT LIABILITIES		
Other payables and accruals	17,230	5,831
Amounts due to subsidiaries	52,531	53,598
	69,761	59,429
NET CURRENT (LIABILITIES)/ASSETS	(66,080)	474,221
TOTAL ASSETS LESS CURRENT LIABILITIES	122,547	662,848
NON-CURRENT LIABILITIES		
Loans and other borrowing — due after one year	3,110	–
Amount due to a director	18,180	14,500
Promissory note payable	136,815	133,182
TOTAL NON-CURRENT LIABILITIES	158,105	147,682
NET (LIABILITIES)/ASSETS	(35,558)	515,166
EQUITY		
Share capital	76,872	76,872
Reserves (<i>Note</i>)	(112,430)	438,294
TOTAL (DEFICIT)/EQUITY	(35,558)	515,166

The statement of financial position of the Company was approved and authorised for issue by the board of directors on 28 March 2025 and is signed on its behalf by:

YANG Lijun
Director

TAM Ka Wai
Director

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37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: Movements of the reserves of the Company are as follows:

	Share premium account <i>HK\$'000</i>	Capital reduction reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2023	778,892	191,925	(669,060)	301,757
Issue new shares	140,754	–	–	140,754
Loss and total comprehensive loss for the year	–	–	(4,217)	(4,217)
At 31 December 2023 and 1 January 2024	919,646	191,925	(673,277)	438,294
Loss and total comprehensive loss for the year	–	–	(550,724)	(550,724)
At 31 December 2024	919,646	191,925	(1,224,001)	(112,430)

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38. OTHER CASH FLOW INFORMATION

(a) Reconciliation of liabilities arising from financing activities

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

	Interest payable (included in trade payables, other payables and accruals)	Lease liabilities	Loans and borrowings	Promissory note payable	Amount due to a director	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023	161,477	465	1,362,624	108,236	23,792	1,656,594
Financing cash inflows	–	–	259,122	–	125,481	384,603
Financing cash outflows	(57,811)	(490)	(32,865)	–	–	(91,166)
Finance costs (<i>Note 10</i>)	152,092	25	–	8,036	–	160,153
Interest payable on promissory note reclassified	7,365	–	–	(7,365)	–	–
Fair value of financial liabilities	–	–	–	(4,720)	–	(4,720)
Modification	(11,208)	–	(76,622)	–	–	(87,830)
Exchange realignment	(2,373)	–	(30,534)	28,995	(858)	(4,770)
At 31 December 2023	249,542	–	1,481,725	133,182	148,415	2,012,864
At 1 January 2024	249,542	–	1,481,725	133,182	148,415	2,012,864
Financing cash inflows	–	–	15,006	–	5,121	20,127
Financing cash outflows	(5,567)	–	(47,022)	–	–	(52,589)
Finance costs (<i>Note 10</i>)	27,770	–	101,978	12,258	–	142,006
Interest payable on promissory note reclassified	8,406	–	–	(8,406)	–	–
Exchange realignment	(8,968)	–	(37,439)	(219)	(574)	(47,200)
At 31 December 2024	271,183	–	1,514,248	136,815	152,962	2,075,208

(b) NON-CASH TRANSACTION

Upon the completion of the disposal of partial ownership interest in subsidiaries, the amount of approximately HK\$11,298,000 included in other payables was classified as amounts due to non-controlling shareholders as at 31 December 2024.

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For the year ended 31 December 2024

39. ACQUISITION OF A SUBSIDIARY

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 China Cultural Tourism Group Limited 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.

	HK\$'000
Assets	
Property under development — non current portion	69,685
Property under development — current portion	265,665
Prepayment, deposits and other receivable	48,492
Cash and bank balances	689
Liabilities	
Trade payables, other payables and accruals	(196,758)
Total identifiable net assets acquired	187,773

Net cash outflow in respect of the acquisition of China Cultural Tourism Group Limited is as follows:

	HK\$'000
Consideration paid in cash	
Cash and bank balances acquired	(39,611)
	689
Net cash outflow	(38,922)

Notes to Consolidated Financial Statements

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40. CAPITAL COMMITMENTS

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

41. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases out part of its property in Maoming City, the PRC under a non-cancellable operating lease agreement, with lease terms three years. The lease agreement requires the tenant to pay security deposit of the lease.

At 31 December 2024, the Group had total future minimum lease receivables falling due as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	–	556
In the second to fifth years, inclusive	–	756
	–	1,312

42. 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.

43. 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).

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44. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances with related parties disclosed elsewhere in the consolidated financial statements, the Group had the following significant transactions with related parties:

Remuneration to key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly, including directors and supervisors of the Group. The compensation of key management personnel is as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term employee benefits	2,986	2,704
Post-employment benefits	71	30
	3,057	2,734

45. SHARE OPTION SCHEME

A share option scheme was adopted pursuant to an ordinary resolution passed by the shareholders of the Company on 8 June 2011 (the "2011 Share Option Scheme"). The 2011 Share Option Scheme has been terminated upon adoption of a new share option scheme by ordinary resolution of shareholders of the Company at the annual general meeting of the Company held on 28 May 2021 ("New Share Option Scheme"). Upon termination of the 2011 Share Option Scheme, no further options of the 2011 Share Option Scheme shall be offered thereunder.

The purpose of the New Share Option Scheme is to provide incentives or rewards to the participants for their contribution to the Group and/or to enable the Group to recruit and retain high-caliber employees and attract human resources that are valuable to the Group and any invested entity of the Group.

The total number of shares which may be issued upon exercise of all options which may be granted under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of shares in issue on 28 May 2021 (the "Adoption Date") (the "Scheme Mandate Limit") unless the Company obtains a fresh approval from the shareholders in general meeting.

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45. SHARE OPTION SCHEME (Continued)

With the approval of the shareholders in general meeting to refresh the Scheme Mandate Limit, the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the refreshment by the shareholders.

The maximum number of shares which may be issued upon exercise of all outstanding options granted and not yet exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of shares in issue from time to time. Under the Scheme, the Directors have discretion to set a minimum period for which an option has to be held before the exercise of the subscription rights attaching thereto.

The Board may grant options to any participant if the total number of shares issued and to be issued upon exercise of all options granted and to be granted in excess of 1% of the shares in issue in any 12-month period subject to the approval of shareholders in general meeting (with the proposed participant and his associates abstaining from voting).

According to the new share option plan, the Board has the absolute discretion to determine a period not exceeding ten (10) years within which an option to be held by a participant before exercise, subject to the requirements of the New Share Option Scheme. During the year ended 31 December 2024 and as of the date of approval of these consolidated financial statements, no options were granted, exercised, forfeited, cancelled or lapsed nor were there any option outstanding under the Scheme.

The exercise price will be determined by the Board at its absolute discretion. The minimum exercise price shall not be less than the highest of: (A) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (B) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (C) the nominal value of a share on the date of grant. A participant shall pay HK\$1.00 to the Company by way of consideration for the grant.

The New Share Option Scheme became effective on the Adoption Date, subject to earlier termination at any time decided by the Board and approval of shareholders by ordinary resolution in a general meeting. The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further options will be granted. As of the date of this report, the remaining life of the Scheme is approximately 6 years.

Up to the date of this report, there is no options granted under the New Share Option Scheme.

As at the date of this report, the total number of shares available for issue under the New Share Option Scheme may not exceed 694,635,004 shares, which represents 10% of the shares in issue of the Company at the Adoption Date.

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46. PRINCIPAL SUBSIDIARIES

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

Name of company	Place of incorporation/ registration and principal country of operation	Type of legal entity	Issued and paid-up capital	Percentage of equity attributable to the Company		Class of shares held	Principal activities
				2024	2023		
Born King Investment Holdings Limited 保皇投資控股有限公司	British Virgin Islands/PRC	Limited liabilities company	US\$1	100	100	Ordinary	Hotel business
Box Sister Group Limited 盒姐集團有限公司	Hong Kong/PRC	Limited liabilities company	HK\$10,000	100	100	Ordinary	Investment holding
Box Sister Trading Limited 盒姐貿易有限公司	Hong Kong/PRC	Limited liabilities company	HK\$10,000	100	100	Ordinary	Investment holding
Brilliant Wonder Global Limited 卓妙環球有限公司	British Virgin Islands/PRC	Limited liabilities company	US\$1	100	100	Ordinary	Investment holding
Generic Financial Services Limited 新嶺域財務有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK\$86,054,000	100	100	Ordinary	Investment holding
Generic Capital Limited 新嶺域資金有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK\$300,000	100	100	Ordinary	Investment holding
Generic Consultant Limited 新嶺域顧問有限公司	British Virgin Islands/PRC	Limited liabilities company	US\$1	100	100	Ordinary	Investment holding
Generic Corporate Limited 新嶺域企業有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK\$50,000	100	100	Ordinary	Investment holding
Generic Hotel International Limited	Cayman Islands/Hong Kong	Limited liabilities company	HK\$200	100	100	Ordinary	Investment holding
Generic Hotel Investments Limited	Cayman Islands/Hong Kong	Limited liabilities company	HK\$200	100	100	Ordinary	Investment holding
China Ready Meals Group Limited 中國預製菜集團有限公司	British Virgin Islands/PRC	Limited liabilities company	US\$1	100	100	Ordinary	Investment holding
China TFG Group Limited 中國富元集團有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK\$10,000	-*	100	Ordinary	Investment holding
Eastern Premium Limited 東溢有限公司	British Virgin Islands/Hong Kong	Limited liabilities company	US\$1	100	100	Ordinary	Investment holding
Ever Point Enterprises Limited 永邦企業有限公司	British Virgin Islands/PRC	Limited liabilities company	US\$1	100	100	Ordinary	Investment holding
Eway International Investment Limited 德偉國際投資有限公司	British Virgin Islands/PRC	Limited liabilities company	US\$50,000	100	100	Ordinary	Investment holding
Fast Progress Corporation Limited 迅達興業有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK\$1	-*	100	Ordinary	Investment holding
First Max International Limited	British Virgin Islands/PRC	Limited liabilities company	US\$3	100	100	Ordinary	Investment holding
Good Able Investment Limited 佳祥投資有限公司	Hong Kong/PRC	Limited liabilities company	HK\$250,099,325	100	100	Ordinary	Hotel business
China Cultural Tourism Group Limited	British Virgin Islands/PRC	Limited liabilities company	US\$1	59	100	Ordinary	Investment holding
China Cultural Tourism Group (Overseas) Limited	Hong Kong/Hong Kong	Limited liabilities company	HK\$1	59	100	Ordinary	Investment holding
Zhuhai Hengqin Lidong Tourism Development Co., Ltd	PRC/PRC	Wholly foreign owned enterprise	RMB500,000	59	100	Registered capital	Tourism investment holding
Jiangmen Quanlin Outdoor Sports Development Co., Ltd	PRC/PRC	Wholly foreign owned enterprise	RMB5,000,000	59	100	Registered	Investment holding

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46. PRINCIPAL SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ registration and principal country of operation	Type of legal entity	Issued and paid-up capital	Percentage of equity attributable to the Company		Class of shares held	Principal activities
				2024	2023		
Taishan Nanfang Property Investment and Development Co., Ltd*	PRC/PRC	Wholly foreign owned enterprise	RMB100,000,000	59	100	Registered capital	Property development
Henggin Germany City Investment (Macau) Limited 橫琴德國城投資(澳門)有限公司	Macau/PRC	Limited liabilities company	MOP1,000,000	70	70	Registered capital	Investment holding
Ling Bong Fu Shun Limited 寧邦富純有限公司	Hong Kong/PRC	Limited liabilities company	HK\$10,000	100	100	Ordinary	Investment holding
Mega Vast Development Limited 萬騰發展有限公司	Hong Kong/PRC	Limited liabilities company	HK\$1	100	100	Ordinary	Investment holding
More Earn HK Development Limited 萬盈香港發展有限公司	Hong Kong/PRC	Limited liabilities company	HK\$10,000	100	100	Ordinary	Investment holding
New Stage Holdings Limited	British Virgin Islands/PRC	Limited liabilities company	US\$1	100	100	Ordinary	Investment holding
Oriental Surge Limited 東濤有限公司	British Virgin Islands/Hong Kong	Limited liabilities company	US\$1	100	100	Ordinary	Investment holding
Pure Proficient Limited 純通有限公司	British Virgin Islands/Hong Kong	Limited liabilities company	US\$1	100	100	Ordinary	Investment holding
Quick Ridge Limited 迅嶺有限公司	British Virgin Islands/Hong Kong	Limited liabilities company	US\$1	100	100	Ordinary	Investment holding
Rich Source Property Holdings Limited 富源地產控股有限公司	British Virgin Islands/PRC	Limited liabilities company	US\$100,000	100	100	Ordinary	Investment holding
TFG Cultural Tourism Group Limited	British Virgin Islands/Hong Kong	Limited liabilities company	US\$1	100	100	Ordinary	Investment holding
TFG Health Limited 富元健康有限公司	Hong Kong/PRC	Limited liabilities company	HK\$10,000	100	100	Ordinary	Investment holding
TFG International Hong Kong Limited 富元國際香港有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK\$1	-*	100	Ordinary	Investment holding
Total Nation Investments Limited 國邦投資有限公司	British Virgin Islands/PRC	Limited liabilities company	US\$1	100	100	Ordinary	Investment holding
Vista International Hotels Limited 景星國際酒店管理有限公司	Hong Kong/Hong Kong	Limited liabilities company	HK\$10 HK\$300,000	100 100	100 100	Ordinary Non-voting deferred	Investment holding
World China Investment Limited 漢世投資有限公司	Hong Kong/PRC	Limited liabilities company	HK\$1	100	100	Ordinary	Investment holding
Worth Fame Limited 貴譽有限公司	British Virgin Islands/Hong Kong	Limited liabilities company	US\$1	100	100	Ordinary	Investment holding
茂名市華盈酒店物業管理有限公司	PRC/PRC	Wholly foreign owned enterprise	HK\$10,000,000	100	100	Registered capital	Hotel business
中山富杰投資有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB10,000,000	100	100	Registered capital	Property development
中山富浩投資有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB10,000,000	100	100	Registered capital	Investment holding

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46. PRINCIPAL SUBSIDIARIES (Continued)

Name of company	Place of incorporation/ registration and principal country of operation	Type of legal entity	Issued and paid-up capital	Percentage of equity attributable to the Company		Class of shares held	Principal activities
				2024	2023		
中山卓妙房地產顧問有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB10,000,000	100	100	Registered capital	Agency service
中山市富展房地產顧問有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB10,000,000	100	100	Registered capital	Property development
珠海橫琴富昌盛實業發展有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB500,000,000	70	70	Registered capital	Property development
成都市富浩房地產開發有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB10,000,000	100	100	Registered capital	Property development
珠海市富元商業發展有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB250,000,000	100	100	Registered capital	Property development
中山市富展信息諮詢有限公司	PRC/PRC	Limited liabilities company	RMB1,000,000	51	51	Registered capital	Investment holding
中山市富德信息諮詢有限公司	PRC/PRC	Limited liabilities company	RMB10,000,000	75	75	Registered capital	Agency service
富元智慧停車（上海）有限公司	PRC/PRC	Limited liabilities company	RMB10,000,000	51	51	Registered capital	Agency service
廣東順拓科技有限公司	PRC/PRC	Limited liabilities company	RMB10,000,000	51	51	Registered capital	Agency service
深圳市盒姐企業管理有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB50,000,000	100	100	Registered capital	Investment holding
深圳市盒姐網絡科技有限公司	PRC/PRC	Limited liabilities company	RMB5,000,000	100	100	Registered capital	Retail
深圳市盒姐餐飲管理有限公司	PRC/PRC	Limited liabilities company	RMB5,000,000	100	100	Registered capital	Retail
中山市盒姐餐飲管理有限公司	PRC/PRC	Wholly foreign owned enterprise	RMB5,000,000	100	100	Registered capital	Retail
深圳市盒姐食品供應鏈有限公司	PRC/PRC	Limited liabilities company	RMB5,000,000	100	100	Registered capital	Retail
上海盒姐餐飲管理有限公司	PRC/PRC	Limited liabilities company	RMB5,000,000	100	100	Registered capital	Retail
中山市盒姐日昇科技有限公司	PRC/PRC	Limited liabilities company	RMB200,000	100	60	Registered capital	Retail

* The companies were dissolved during the year ended 31 December 2024.

The above table lists the subsidiaries of the Company as at 31 December 2024 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.

None of the subsidiaries had issued any debt securities as at the end of the year.

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46. PRINCIPAL SUBSIDIARIES (Continued)

Non-wholly owned subsidiaries that have material non-controlling interests

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests:		
Hengqin Germany City Investment (Macau) Limited	30%	30%
珠海橫琴富昌盛實業發展有限公司*	30%	30%
China Cultural Tourism Group Limited and its subsidiaries	41%	–

* 珠海橫琴富昌盛實業發展有限公司 is a wholly-owned subsidiary of Hengqin Germany City Investment (Macau) Limited.

	2024 HK\$'000	2023 HK\$'000
Loss for the year allocated to non-controlling interests:		
Hengqin Germany City Investment (Macau) Limited and its subsidiary	(10,028)	(11,434)
China Cultural Tourism Group Limited and its subsidiaries	(17,596)	–
Subsidiaries have immaterial non-controlling interests	(968)	(284)
	(28,592)	(11,718)
Accumulated balances of non-controlling interests at the reporting dates:		
Hengqin Germany City Investment (Macau) Limited and its subsidiary	17,785	33,239
China Cultural Tourism Group Limited and its subsidiaries	112,178	–
Subsidiaries have immaterial non-controlling interests	(2,105)	(1,401)
	127,858	31,838

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46. PRINCIPAL SUBSIDIARIES (Continued)

Non-wholly owned subsidiaries that have material non-controlling interests (Continued)

	2024 HK\$'000	2023 HK\$'000
Hengqin Germany City Investment (Macau) Limited and its subsidiary		
Total revenue	13,963	25,856
Total expenses	(47,389)	(63,971)
Loss for the year	(33,426)	(38,115)
Total comprehensive loss for the year	(51,513)	(40,988)
Current assets	379,575	389,072
Non-current assets	768,621	797,743
Current liabilities	(1,084,445)	(1,051,231)
Non-current liabilities	(44,603)	(61,442)
Net cash flows used in operating activities	(17,158)	(2,881)
Net cash flows generated from/(used in) investing activities	2,914	(36,550)
Net cash flows (used in)/generated from financing activities	(477)	3,180
Net decrease in cash and cash equivalents	(14,721)	(36,251)
China Cultural Tourism Group Limited and its subsidiary		
Total revenue	1	N/A
Total expenses	(44,827)	N/A
Loss for the year	(44,826)	N/A
Total comprehensive loss for the year	(40,960)	N/A
Current assets	234,212	N/A
Non-current assets	60,318	N/A
Current liabilities	(3,301)	N/A
Non-current liabilities	(17,638)	N/A
Net cash flows used in operating activities	(1,444)	N/A
Net cash flows generated from investing activities	248	N/A
Net cash flows generated from financing activities	1,093	N/A
Net decrease in cash and cash equivalents	(103)	N/A

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47. FINANCIAL INSTRUMENTS BY CATEGORY

The financial assets and financial liabilities of the Group can be categorised as follows:

	Financial assets at amortised cost HK\$'000
Financial assets	
31 December 2024	
Trade receivables	1,911
Other receivables	341,578
Restricted bank balance	100,826
Cash and cash equivalents	8,656
	452,971
Financial assets	
31 December 2023	
Trade receivables	1,021
Other receivables	329,932
Restricted bank balance	131,912
Cash and cash equivalents	13,370
	476,235

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47. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

	Financial liabilities at amortised cost HK\$'000
Financial liabilities	
31 December 2024	
Trade payables, other payables and accruals	785,569
Amounts due to non-controlling shareholders	13,457
Amount due to a director	153,121
Promissory note payable	136,815
Loans and borrowings	1,514,248
	2,603,210
Financial liabilities	
31 December 2023	
Trade payables, other payables and accruals	755,025
Amounts due to non-controlling shareholders	2,206
Amount due to a director	148,580
Promissory note payable	133,182
Loans and borrowings	1,481,725
	2,520,718

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48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments include trade and other receivables, restricted bank balances, cash and cash equivalents, trade payables, other payables and accruals, amounts due to non-controlling shareholders, amount due to a director, promissory note payable, lease liabilities and loans and borrowings.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, price 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.

Interest rate risk

The Group's interest rate risk arises primarily from portions of the Group's bank deposits and loans and borrowings which are carried at floating interest rates.

The Group does not use financial derivatives to hedge against the interest rate risk. However, the interest rate profile of the Group's net borrowings (being loans and borrowings less bank deposits) is closely monitored by management.

At 31 December 2024, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would increase/decrease the Group's loss before tax and equity by approximately HK\$9,374,000 (2023: HK\$8,324,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the non-derivative financial liabilities in existence at that date. The 1% increase/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 2023.

Foreign currency risk

The Group has certain foreign currency monetary assets and liabilities and was exposed to foreign exchange risk rising from various kinds of currency exposures, mainly comprising United States Dollars ("USD") and Hong Kong dollars ("HK\$"). The Group monitors foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.

The sensitivity analysis below has been determined based on the exposure to foreign currency rates and includes only foreign currency denominated monetary items and adjusted their transaction at the year end for a 5% fluctuation in foreign currency rates. As at 31 December 2024, if 5% (2023: 5%) weakening/strengthening of RMB against USD and HK\$, the Group's loss before tax would decrease/increase by approximately HK\$21,784,000, equivalent to HK\$23,162,000 (2023: decrease/increase by approximately RMB21,043,000, equivalent to HK\$25,009,000).

Price risk

The Group is not exposed to equity security price risk as no equity securities were held by the Group at the end of the reporting period.

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48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group is exposed to credit risk and the Group's maximum exposure to credit risk in relation to financial assets is the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, having considered available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor/customer;
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the Group and changes in the operating results of the customer.

(i) TRADE RECEIVABLES

The credit quality of the debtors is assessed based on their financial position, past experience and other factors. The Group has policies in place to ensure credit terms are granted to reliable debtors.

The allowance on trade receivables is analysed as follows:

	2024 HK\$'000	2023 HK\$'000
Total allowance made for trade receivables		
— based on expected credit losses methodology (<i>Note a</i>)	81,603	84,744

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48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

(i) TRADE RECEIVABLES (Continued)

Note:

- (a) The Group applies the simplified approach to provide for expected credit losses for trade receivables prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

As at 31 December 2023, the loss allowance for trade receivables was determined as follows:

31 December 2024

	Receivables aged (based on invoice date)				Total
	0–30 days	31–90 days	91–360 days	more than 360 days	
Expected loss rate	1%	2%	2%	100%	
Gross carrying amount (HK\$'000)	592	159	1,160	81,603	83,514
Loss allowance (HK\$'000)	–	–	–	81,603	81,603

31 December 2023

	Receivables aged (based on invoice date)				Total
	0–30 days	31–90 days	91–360 days	more than 360 days	
Expected loss rate	1%	2%	2%	100%	
Gross carrying amount (HK\$'000)	317	55	539	84,854	85,765
Loss allowance (HK\$'000)	–	–	–	84,744	84,744

The above expected credit losses also incorporated forward looking information.

As at 31 December 2024, the Group had a concentration of credit risk given that the top 2 customers account for 98% (2023: 99%) of the Group's total year end gross trade receivables and allowance for trade receivables amounted to HK\$81,603,000 (2023: HK\$84,744,000), representing approximately 98% (2023: 99%) of the gross trade receivables was made.

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48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

(ii) OTHER RECEIVABLES

The Group uses four categories for those receivables which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group's definition of categories	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 60 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. For other receivables, management made periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. In calculating the expected credit loss rates, the Group considers historical loss rates for the other receivables and adjusts for forward looking macroeconomic data.

As at 31 December 2024 and 2023, the internal credit rating of other receivables is performing. The Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected losses method as at 31 December 2023. As at 31 December 2024, loss allowance on other receivables of approximately HK\$12,680,000 was recognised (2023: Nil).

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48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

(iii) CASH AT BANK AND BANK DEPOSITS

The table below shows the details of bank deposit balances maintained at the end of the reporting period:

	Rating	2024 HK\$'000	2023 HK\$'000
Restricted bank deposits		100,826	131,912
Bank balances		8,656	13,370
Total bank deposits	Baa3–Aa2	109,482	145,282

The rating represents long-term credit rating provided by Moody's, an internationally recognised credit rating agency. A rating within the "A" category is judged to be upper-medium grade and are subject to low credit risk under the rating regime of Moody's. Given that significant portion of the bank deposits are placed with banks that are independently rated with high credit rating with no default history in past years, management of the Group considers that the credit risk on the bank balances and bank deposits is limited.

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48. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

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

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

	2024				Carrying amount HK\$'000
	On demand HK\$'000	3 to 12 months HK\$'000	1 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	
Non-derivative financial liabilities					
Trade payables, other payables and accruals	545,256	–	240,313	785,569	785,569
Amounts due to non-controlling shareholders	13,457	–	–	13,457	13,457
Amount due to a director	–	–	189,871	189,871	153,121
Promissory note payable	–	–	192,930	192,930	136,815
Loans and borrowings	290,021	510,606	901,704	1,702,331	1,514,248
	848,734	510,606	1,524,818	2,884,158	2,603,210

	2023				Carrying amount HK\$'000
	On demand HK\$'000	3 to 12 months HK\$'000	1 to 5 years HK\$'000	Total undiscounted cash flows HK\$'000	
Non-derivative financial liabilities					
Trade payables, other payables and accruals	287,012	–	468,013	755,025	755,025
Amounts due to non-controlling shareholders	2,206	–	–	2,206	2,206
Amount due to a director	–	–	202,069	202,069	148,580
Promissory note payable	–	–	162,771	162,771	133,182
Loans and borrowings	158,238	162,667	1,443,968	1,764,873	1,481,725
	447,456	162,667	2,276,821	2,886,944	2,520,718

Notes to Consolidated Financial Statements

For the year ended 31 December 2024

49. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the consolidated financial statements approximate their fair values.

The fair values, which are included in Level 3 categories, have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflect the credit risk of counterparties.

(b) Reconciliation of Level 3 fair value measurement

Reconciliation of Level 3 fair value measurement is not presented as the Group had no financial assets or financial liabilities that are measured at fair value at end of the reporting period.

50. CAPITAL RISK MANAGEMENT

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

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

51. 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).

52. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements on pages 71 to 143 were approved and authorised for issue by the board of directors on 28 March 2025.

Schedule of Major Properties

As at 31 December 2024

PROPERTIES HELD FOR SALE UNDER DEVELOPMENT/UNDER DEVELOPMENT

Name/location	Use	Site area (sq.m.)	Expected completion dates (i)	GFA for sale (sq.m.) (ii)	Other GFA (sq.m.) (iii)	Completed GFA for sale (sq.m.)	Completed Other GFA (sq.m.)	Ownership interest (%) (iv)
German City Hengqin New District Zhuhai City Guangdong Province PRC	Research/Development	60,340	4th quarter of 2025	49,999	95,177	-	-	70
Fuyuan Junting Ande Zhen Pidu District Chengdu City Sichuan Province PRC	Residential/Commercial	56,707	Phase 1: 2nd quarter of 2022; Phase 2: 2023	85,102	35,398	-	-	100
Fuyuan Square Jianfeng Nanzhufeng Da Dao Dong Ce Jingan Zhen Doumen District Zhuhai City Guangdong PRC	Commercial	48,653	4th quarter of 2025	61,654	135,737	-	-	100

(i) the Group has the relevant land use rights certificates, but has not obtained the requisite construction approval from relevant governmental authorities.

(ii) "GFA for sale" and "Expected completion dates" are derived from the Group's internal records and estimates.

(iii) "Other GFA" mainly comprises areas not held for sale.

(iv) "Ownership interest" is based on the Group's effective ownership interest in the respective project companies.

Five-Year Financial Summary

The following summary of the published results and of the assets and liabilities of the Group for the last five financial years is set out below:

RESULTS

	Year ended 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
REVENUE	216,159	305,020	1,601,799	7,774	22,360
(LOSS)/PROFIT BEFORE TAX	(231,684)	(168,934)	547,895	(341,102)	(216,593)
INCOME TAX EXPENSE	(391)	(35,495)	(217,761)	(404)	(162)
(LOSS)/PROFIT FOR THE YEAR	(232,075)	(204,429)	330,134	(341,506)	(216,755)
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	(203,483)	(192,711)	265,177	(326,264)	(217,714)
NON-CONTROLLING INTERESTS	(28,592)	(11,718)	64,957	(15,242)	959
	(232,075)	(204,429)	330,134	(341,506)	(216,755)

Five-Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
ASSETS AND LIABILITIES					
NON-CURRENT ASSETS	1,741,641	1,820,346	1,815,016	1,805,961	1,851,243
CURRENT ASSETS	1,337,198	1,568,189	1,515,760	2,610,045	2,159,710
ASSETS OF DISPOSAL GROUP					
CLASSIFIED AS HELD FOR SALE	–	–	–	175,007	–
CURRENT LIABILITIES	(1,755,322)	(1,302,981)	(2,159,310)	(3,420,643)	(2,101,821)
NON-CURRENT LIABILITIES	(1,341,605)	(1,997,640)	(1,022,520)	(1,243,231)	(1,701,665)
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS OF DISPOSAL GROUP					
CLASSIFIED AS HELD FOR SALE	–	–	–	(50,340)	–
NET (LIABILITIES)/ASSETS	(18,088)	87,914	148,946	(123,201)	207,467
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY	(145,946)	56,076	102,637	(163,569)	152,739
NON-CONTROLLING INTERESTS	127,858	31,838	46,309	40,368	54,728
TOTAL EQUITY	(18,088)	87,914	148,946	(123,201)	207,467