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Star Group Asia Limited

星星集團亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1560)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

Revenue and loss attributable to owners of the Company for the year ended 31 December 2024 approximately HK\$1,133.1 million (for the year ended 31 December 2023: approximately HK\$1,243.7 million) and approximately HK\$605.0 million (for the year ended 31 December 2023: approximately HK\$294.6 million) respectively.

The basic and diluted loss per share for the year ended 31 December 2024 was both approximately HK94.32 cents, as compared to those of approximately HK45.92 cents for the corresponding period last year.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Star Group Asia Limited (formerly known as Star Group Company Limited) (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3	1,133,074	1,243,710
Cost of sales and services		(1,409,929)	(1,243,833)
Gross loss		(276,855)	(123)
Other income		30,429	28,537
Loss on change in fair value of investment properties		(52,784)	(65,402)
Loss on change in fair value of financial liabilities at fair value through profit or loss		(9,204)	–
Gain/(loss) on change in fair value of financial assets at fair value through profit or loss	10	1,051	(7,607)
Gain on deregistration of subsidiaries		241	–
Loss on disposal of a subsidiary		–	(72)
Loss on derecognition of amount due from an associate		(6,476)	–
Impairment loss on investment in an associate		(18,892)	–
Selling expenses		(80,669)	(46,631)
Administrative expenses		(71,451)	(110,787)
Finance costs		(143,423)	(93,994)
Share of results of an associate		17,653	(5,095)
Loss before tax	5	(610,380)	(301,174)
Income tax credit	6	5,089	2,967
Loss for the year		(605,291)	(298,207)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences:			
Exchange differences on translation of foreign operations		(5,104)	(2,925)
Share of other comprehensive income of an associate		(2,412)	(362)
Recycle to profit or loss upon deregistration of subsidiaries		–	(1,560)
		(7,516)	(4,847)
Total comprehensive income for the year		(612,807)	(303,054)

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(605,029)	(294,595)
Non-controlling interests		(262)	(3,612)
		<u>(605,291)</u>	<u>(298,207)</u>
Total comprehensive income attributable to:			
Owners of the Company		(612,545)	(299,442)
Non-controlling interests		(262)	(3,612)
		<u>(612,807)</u>	<u>(303,054)</u>
Loss per share (in HK cents)			
Basic	7	<u>(94.32)</u>	<u>(45.92)</u>
Diluted	7	<u>(94.32)</u>	<u>(45.92)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,656	4,957
Investment properties		738,379	776,584
Investment in an associate		6,316	9,967
Investment in a joint venture		–	–
Deferred tax assets		5,627	4,377
Loan receivables		44,198	60,120
Deposits and other receivables	<i>9</i>	3,880	3,935
Amount due from an associate		3,655	–
Financial assets at fair value through profit or loss	<i>10</i>	53,047	5,160
		857,758	865,100
CURRENT ASSETS			
Inventories		11,980	12,843
Properties held for sale		1,503,784	2,900,972
Trade and other receivables	<i>9</i>	46,132	51,996
Financial assets at fair value through profit or loss	<i>10</i>	1,952	2,582
Amount due from an associate		–	100,520
Amount due from a related company		3	1
Tax recoverable		29	29
Stakeholders' accounts		16,223	31,242
Pledged bank deposits		10,000	10,000
Bank balances and cash		28,855	46,919
		1,618,958	3,157,104
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	184,526	245,981
Contract liabilities		13,819	12,957
Financial liabilities at fair value through profit or loss		9,204	–
Amount due to a director		74,375	82,188
Amounts due to related companies		2	2
Lease liabilities		16,633	15,965
Tax liabilities		258	330
Borrowings		1,224,429	2,068,927
		1,523,246	2,426,350
NET CURRENT ASSETS		95,712	730,754
TOTAL ASSETS LESS CURRENT LIABILITIES		953,470	1,595,854

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		28,673	34,271
Borrowings		14,249	–
Convertible bonds – liability component	<i>12</i>	60,662	95,151
Deferred tax liabilities		48,417	52,156
		<u>152,001</u>	<u>181,578</u>
NET ASSETS		<u>801,469</u>	<u>1,414,276</u>
CAPITAL AND RESERVES			
Share capital		6,415	6,415
Reserves		811,123	1,423,668
Equity attributable to owners of the Company		817,538	1,430,083
Non-controlling interests		(16,069)	(15,807)
TOTAL EQUITY		<u>801,469</u>	<u>1,414,276</u>

NOTES

1. GENERAL

Star Group Asia Limited (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s immediate and ultimate holding company is Star Properties Holdings (BVI) Limited, a company incorporated in the British Virgin Islands, and its ultimate controlling party is Mr. Chan Man Fai Joe (“**Mr. Joe Chan**”), who is the chairman of the Board of Directors and an executive director of the Company. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is Unit 603, 6/F, Tower I, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively the “**Group**”) are principally engaged in property development, property investment, provision of property management and security services, provision of finance, trading of fine wine and provision of media production services.

During the year, the English name of the Company has been changed from “Star Group Company Limited” to “Star Group Asia Limited” and the Chinese name of the Company has been changed from “星星集團有限公司” to “星星集團亞洲有限公司”.

2. ADOPTION OF NEW OR AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

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

The Group has not applied any new or amendments to HKFRS Accounting Standards that is not yet effective for the current year.

None of these new or amendments to HKFRS Accounting Standards has a material impact on the Group’s financial statements.

3. REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers		
Sales of properties	1,053,803	1,157,984
Provision of property management and security services	13,921	12,850
Provision of construction and fitting out works	6,045	5,720
Trading of fine wine	5,657	10,129
Provision of media production services	–	604
	<u>1,079,426</u>	<u>1,187,287</u>
Revenue from other sources		
Rental income from leasing of:		
– shops and farmland	1,414	3,553
– service apartments	3,515	3,417
– storage and workshop	38,140	38,639
– wine cellars	7,739	6,831
Interest income from provision of finance	2,840	3,983
	<u>53,648</u>	<u>56,423</u>
Total revenue	<u><u>1,133,074</u></u>	<u><u>1,243,710</u></u>

4. OPERATING SEGMENTS

Information reported to the Company's executive directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

Specifically, the Group's reportable and operating segments under HKFRS 8 Operating Segments are as follows:

1. Property development – sales of properties
2. Property investment – rental income from leasing of properties
3. Property management services – provision of property management and security services
4. Construction and fitting out works – provision of construction and fitting out works
5. Provision of finance – provision of financing services to property buyers
6. Wine business – sales of fine wine and rental income from leasing of wine cellars
7. Media production services – provision of media production services in marketing, advertisement and organisation of music concerts

SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Segment revenue		Segment results	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property development	1,053,803	1,157,984	(536,820)	(178,376)
Property investment	43,069	45,609	(39,295)	(67,648)
Property management services	13,921	12,850	968	(366)
Construction and fitting out works	6,045	5,720	101	(143)
Provision of finance	2,840	3,983	(3,944)	(11,716)
Wine business	13,396	16,960	(1,000)	(3,238)
Media production services	–	604	(337)	229
	1,133,074	1,243,710	(580,327)	(261,258)
Unallocated income			4,357	2,192
Unallocated expenses			(27,843)	(33,878)
Unallocated finance costs			(6,567)	(8,230)
Loss before tax			(610,380)	(301,174)

Segment results represent the loss incurred or profit generated by each segment without allocation of certain other income, certain administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's assets and liabilities by operating and reportable segment:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Segment assets		
Property development	1,606,877	3,072,532
Property investment	718,283	749,783
Property management services	4,534	4,698
Construction and fitting out works	2,381	2,342
Provision of finance	54,443	96,843
Wine business	65,032	75,162
Media production services	285	853
	<hr/>	<hr/>
Total segment assets	2,451,835	4,002,213
Unallocated assets	24,881	19,991
	<hr/>	<hr/>
Consolidated total assets	<u>2,476,716</u>	<u>4,022,204</u>
Segment liabilities		
Property development	1,065,511	1,872,426
Property investment	431,901	431,251
Property management services	801	1,322
Construction and fitting out works	7,581	8,234
Provision of finance	64,297	106,694
Wine business	30,120	70,161
Media production services	6	1,003
	<hr/>	<hr/>
Total segment liabilities	1,600,217	2,491,091
Unallocated liabilities	75,030	116,837
	<hr/>	<hr/>
Consolidated total liabilities	<u>1,675,247</u>	<u>2,607,928</u>

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

- all assets are allocated to operating segments other than certain financial assets at fair value through profit or loss (“FVTPL”), pledged bank deposit, bank balances and cash, and other corporate assets not attributable to the reportable segments; and
- all liabilities are allocated to operating segments other than certain borrowings, liability component of convertible bonds and other corporate liabilities not attributable to the reportable segments.

OTHER SEGMENT INFORMATION

For the year ended 31 December 2024

	Property development	Property investment	Property management services	Construction and fitting out works	Provision of finance	Wine business	Media production services	Segment total	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment results or segment assets:										
Addition to non-current assets	-	14,674	-	-	-	20	-	14,694	-	14,694
Depreciation of plant and equipment	261	83	-	30	-	184	2	560	14	574
Depreciation of right-of-use assets	321	1,507	-	-	-	-	-	1,828	-	1,828
Write down of properties held for sale	185,679	-	-	-	-	-	-	185,679	-	185,679
Impairment loss/(reversal of impairment loss) on trade receivables	-	38	(256)	-	-	-	-	(218)	-	(218)
Loss on change in fair value of investment properties	-	49,634	-	-	-	3,150	-	52,784	-	52,784
Interest expense	102,892	23,639	-	-	7,136	2,765	-	136,432	6,991	143,423
(Gain)/loss on change in fair value of financial assets at FVTPL	(2,064)	-	-	-	-	-	-	(2,064)	1,013	(1,051)
Loss on change in fair value of financial liabilities at FVTPL	9,204	-	-	-	-	-	-	9,204	-	9,204
Loss on derecognition of amount due from an associate	6,476	-	-	-	-	-	-	6,476	-	6,476
Impairment loss on investment in an associate	18,892	-	-	-	-	-	-	18,892	-	18,892
Share of results of an associate	(17,653)	-	-	-	-	-	-	(17,653)	-	(17,653)
Amounts regularly provided to the CODM but not included in the measure of segment results:										
Interest income earned on bank balances	(188)	(23)	(2)	(1)	(5)	(7)	(1)	(227)	(344)	(571)

For the year ended 31 December 2023

	Property development	Property investment	Property management services	Construction and fitting out works	Provision of finance	Wine business	Media production services	Segment total	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment results or segment assets:										
Addition to non-current assets	-	21,485	-	150	-	572	-	22,207	-	22,207
Depreciation of plant and equipment	265	165	-	46	5	266	2	749	79	828
Depreciation of right-of-use assets	385	1,474	-	-	-	-	-	1,859	-	1,859
Write down of properties held for sale	23,623	-	-	-	-	-	-	23,623	-	23,623
Impairment loss on trade receivables	105	99	309	243	-	-	-	756	-	756
Impairment loss on amount due from a shareholder of a joint venture	-	-	-	-	2,287	-	-	2,287	-	2,287
Impairment loss on amount due from a joint venture	-	2,750	-	-	-	-	-	2,750	-	2,750
Loss on change in fair value of investment properties	-	65,402	-	-	-	-	-	65,402	-	65,402
Interest expense	147,287	24,542	-	-	17,563	3,900	-	193,292	27,558	220,850
Loss on change in fair value of financial assets at FVTPL	-	-	-	-	-	-	-	-	7,607	7,607
Share of results of an associate	5,095	-	-	-	-	-	-	5,095	-	5,095
Amounts regularly provided to the CODM but not included in the measure of segment results:										
Interest income earned on bank balances	(888)	(28)	(3)	(1)	(6)	(3)	(1)	(930)	(310)	(1,240)

GEOGRAPHICAL INFORMATION

The Group's operations are located on both Hong Kong and South Korea.

For the years ended 31 December 2024 and 2023, the Group's revenue is all derived from operations in Hong Kong.

The Group's non-current assets (excluded financial instruments and deferred tax assets) by geographical location of the assets are detailed below.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	740,969	781,422
South Korea	6,382	10,086
	<u>747,351</u>	<u>791,508</u>

INFORMATION ABOUT MAJOR CUSTOMERS

For the years ended 31 December 2024 and 2023, no customer with transactions exceeded 10% of the Group's revenue.

5. LOSS BEFORE TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax has been arrived at after charging/(crediting):		
Directors' emoluments	4,113	4,651
Other staff costs, excluding directors' emoluments:		
Salaries and other allowances	27,164	33,160
Retirement benefit scheme contributions	1,296	1,407
	<u>32,573</u>	<u>39,218</u>
Total staff costs		39,218
Auditors' remuneration		
– Annual audit	1,390	1,520
– Others	253	249
Cost of inventories recognised as an expense, including write down of properties held for sale	1,400,926	1,229,941
Depreciation of owned property, plant and equipment	574	828
Depreciation of right-of-use assets	1,828	1,859
Direct operation expenses incurred for provision of services and properties leasing (included in cost of sales and services)	9,003	13,892
Exchange difference, net	188	8,452
(Reversal of impairment loss)/impairment loss on trade receivables	(218)	756
Impairment loss on other receivables	–	2,287
Impairment loss on amount due from a joint venture	–	2,750
Loss on derecognition of amount due from an associate	6,476	–
Impairment loss on investment in an associate (<i>Note</i>)	18,892	–
Write down of properties held for sale (included in cost of sales and services)	185,679	23,623
Property agency commission (included in selling expenses)	76,248	41,434
Gross rental income from investment properties	(50,808)	(52,440)
Less: direct operating expenses incurred for investment properties that generated rental income (included in cost of sales and services)	6,635	5,250
	<u>(44,173)</u>	<u>(47,190)</u>

Note: During the year, the Group recognised an impairment loss on investment in an associate of HK\$18,892,000 (2023: HK\$Nil). In the opinion of the directors, such impairment loss arises due to lower estimated selling price of the project and surge in market interest rate during the year.

6. INCOME TAX CREDIT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong Profits Tax:		
– Current tax	172	87
– Overprovision in prior years	(272)	(171)
Deferred taxation	<u>(4,989)</u>	<u>(2,883)</u>
	<u><u>(5,089)</u></u>	<u><u>(2,967)</u></u>

The group entities in Hong Kong are subject to Hong Kong Profits tax. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The group entities in South Korea are subject to Korean Corporate Income Tax which comprises national and local taxes (collectively “**Korean Corporate Income Tax**”). Korean Corporate Income Tax is charged at the progressive rate from 9% to 24% on the estimated assessable profit of eligible entities derived worldwide. No provision on Korean Corporate Income Tax was provided as there is no estimated assessable profits in financial year ended 31 December 2024 (2023: Nil).

7. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	(605,029)	(294,595)
Effect of dilutive potential ordinary shares:		
– Fair value change on redemption derivative component (net of tax) (<i>note (b)</i>)	N/A	N/A
– Interest on convertible bonds (net of tax) (<i>note (b)</i>)	<u>N/A</u>	<u>N/A</u>
Loss for the purpose of diluted loss per share	<u><u>(605,029)</u></u>	<u><u>(294,595)</u></u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>641,498</u>	641,498
Effect of dilutive potential ordinary shares:		
– Outstanding share options issued by the Company (<i>note (a)</i>)	N/A	N/A
– Convertible bonds (<i>note (b)</i>)	<u>N/A</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u><u>641,498</u></u>	<u><u>641,498</u></u>

Notes:

- (a) The computation of diluted loss per share during the years ended 31 December 2024 and 2023 respectively does not assume the exercise of the Company's all share options because the exercise price of those options was higher than the average market price for shares for the years ended 31 December 2024 and 2023.
- (b) No adjustment has been made to the basic loss per share amount presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amount presented.

8. DIVIDENDS

The board of directors of the Company does not recommend the payment of a dividend for the years ended 31 December 2024 and 2023.

9. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables from contracts with customers (<i>note (a)</i>)	5,968	6,888
Lease receivables (<i>note (a)</i>)	4,004	2,361
	<u>9,972</u>	<u>9,249</u>
Less: Allowance for credit losses	(1,926)	(2,144)
	<u>8,046</u>	<u>7,105</u>
Deposits and other receivables, and prepayments		
– Loan receivables	9,392	10,019
– Loan interest receivables	134	146
– Rental deposits and other receivables (<i>note (b)</i>)	26,779	39,134
– Prepayments	7,948	1,814
	<u>44,253</u>	<u>51,113</u>
Less: Allowance for credit losses	(2,287)	(2,287)
	<u>41,966</u>	<u>48,826</u>
	<u>50,012</u>	<u>55,931</u>
Analysis as:		
– Non-current portion	3,880	3,935
– Current portion	46,132	51,996
	<u>50,012</u>	<u>55,931</u>

Notes:

- (a) Customers from trading of fine wine are granted with credit term of 7 days. No credit term is allowed for trade receivables from property management services, construction and fitting out works, media production services and lease receivables.

The following is an aged analysis of trade and lease receivables, net of allowance for credit losses, presented based on invoice dates.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	3,109	3,170
31–90 days	1,445	1,550
91–180 days	1,146	1,209
181–365 days	1,344	731
Over 365 days	1,002	445
	<u>8,046</u>	<u>7,105</u>

- (b) As at 31 December 2024, the balance included an other receivable with carrying amount of HK\$3,880,000 (2023: HK\$3,395,000). The amount is interest bearing at 0.003% and repayable in November 2032.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Unlisted investment fund	<i>(a)</i>	3,258	3,641
Unlisted participation note	<i>(b)</i>	1,519	1,519
Derivative financial instrument – redemption option	<i>(c)</i>	1,952	2,582
Unlisted investment in bond	<i>(d)</i>	48,270	–
Total		<u>54,999</u>	<u>7,742</u>
Classified as:			
– Non-current		53,047	5,160
– Current		1,952	2,582
		<u>54,999</u>	<u>7,742</u>

Notes:

- (a) The Group subscribed to an unlisted private equity fund at cost of HK\$5,000,000, representing 10% of the total fund size in previous years. During the year ended 31 December 2023, the Group redeemed 1,404 shares of the fund and received HK\$1,463,000. The Group has recognised a fair value loss of HK\$383,000 (2023: gain of HK\$584,000) in respect of the fair value changes in the profit or loss.

- (b) As at 31 December 2024, the fair value of unlisted participation note is HK\$1,519,000 (2023: HK\$1,519,000). No change in fair value has been recognised in the profit or loss (2023: Nil).
- (c) The balance represents the redemption derivative component in relation to the convertible bonds (note 12). The Group has recognised a fair value loss of HK\$630,000 (2023: HK\$8,191,000) in respect of the fair value change in profit or loss.
- (d) On 31 July 2024, the associate of the Group issued profit participation bonds with an aggregate principal amount of KRW59,456,000,000 to its shareholders and an independent third-party investor. The Group subscribed for the profit participation bond with a principal amount of KRW9,926,585,000 (equivalent to HK\$56,110,000). The bond is unsecured and interest-bearing at 4.6% per annum. The principal and interest of the bond are redeemable on 31 December 2027. Furthermore, after full redemption of the bonds and refund of investments made by the shareholders of the associate, the bondholders (including the Group) are entitled to participate in dividends declared by the associate according to ratio of the principal amount of the bonds subscribed by the bondholders and the investments made by the shareholders of the associate. The Group has recognised a fair value gain of HK\$2,064,000 (2023: Nil) in respect of the fair value change in profit or loss.

11. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables (<i>note (a)</i>)	514	1,906
Retention payables (<i>note (b)</i>)	32,362	42,281
Other payables, deposits received and accruals		
– Rental deposits received	13,817	18,526
– Accrued construction costs	57,424	66,599
– Accrued bonus	1,270	2,442
– Accrued agency commission	48,307	20,086
– Accrued building management fees	807	1,298
– Accrued legal and professional fees	2,583	2,915
– Interest payables	2,910	2,381
– Receipt in advance of rental income	19,239	18,705
– Loans from shareholders of an associate (<i>note (c)</i>)	–	56,900
– Others	5,293	11,942
	<u>184,526</u>	<u>245,981</u>

Notes:

- (a) No credit terms are granted for all trade payables.

The following is an aged analysis of trade payables presented based on invoice dates.

	2024 HK\$'000	2023 <i>HK\$'000</i>
0–30 days	5	76
31–90 days	21	501
91–180 days	43	59
181–365 days	–	221
Over 365 days	445	1,049
	<hr/> 514 <hr/>	<hr/> 1,906 <hr/>

- (b) As at 31 December 2024, retention payables of HK\$6,046,000 (2023: HK\$Nil) and HK\$26,316,000 (2023: HK\$42,281,000) are aged within one year and more than one year respectively. All retention payables as at 31 December 2024 and 2023 were expected to be paid or settled in less than twelve months from the end of the corresponding reporting period.
- (c) As at 31 December 2023, the loans from shareholders of an associate were interest-free, unsecured and repayable when the associate obtained a project financing loan. During the current year, the associate undertook the loans of KRW9,440,000,000 (equivalents to HK\$53,360,000) as partial settlement of the amount due from the associate to the Group.

12. CONVERTIBLE BONDS

On 22 October 2020, the Company issued 3% convertible bonds with nominal value of HK\$418,000,000 as part of the consideration for the acquisition of the shares and shareholder's loan of Metropolitan Group (BVI) Limited and its subsidiaries in prior years. The convertible bonds are perpetual in term and have no maturity date with a principal amount denominated in HK\$ of HK\$418,000,000. The bonds are convertible into ordinary shares of the Company at an initial conversion price of HK\$0.5 per conversion share (subject to the adjustments in accordance with the terms of the convertible bonds) at any time during the period commencing from the date of issue of the convertible bonds up to the date which falls on the 10th anniversary of the date of issue of the convertible bonds to the extent all or part of the convertible bonds remain outstanding.

The coupon shall accrue on the outstanding principal amount of the convertible bonds and be payable annually subject to the Company's sole discretion to defer the coupon payment for a maximum period of 10 years from the date when the relevant coupon payment falls due by giving notice to the holders of the convertible bonds. In the opinion of directors, the Company has the right to defer the coupon payment for at least twelve months after the reporting period, hence the liability component of the convertible bonds is classified under non-current liabilities.

The convertible bonds that contain liability, redemption option and conversion option components were classified separately into their respective items on initial recognition. The fair value of various components was determined based on the valuation conducted by Jones Lang LaSalle Corporate Appraisal and Advisory Limited at the issue date (i.e. 22 October 2020). At each reporting date, the fair value of the convertible bonds as a whole is determined by using the Binomial Option Pricing Model. The fair value of the liability component of the bonds is calculated using cash flows discounted at a rate based on an equivalent market interest rate for equivalent non-convertible bonds. The fair value of the redemption option is determined by the difference between the fair value of equivalent convertible bonds with redemption option and without redemption option.

The initial carrying amount of the equity component was determined by deducting the fair values of the liability and redemption option components from the fair value of the convertible bonds as a whole and was included in equity as convertible bonds – equity component.

The effective interest rate of the liability component on initial recognition and the subsequent recognition of interest expense on the convertible bonds was calculated using effective interest rate of 7.87% per annum.

There was no redemption and conversion of the convertible bonds since its issuance.

The movements of the components of the convertible bonds during the year are set out below:

	Redemption derivative component <i>HK\$'000</i>	Liability component <i>HK\$'000</i>	Equity component <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2023	10,773	(88,208)	(313,698)	(391,133)
Effective imputed interest expense recognised	–	(6,943)	–	(6,943)
Change in fair value	(8,191)	–	–	(8,191)
As at 31 December 2023 and 1 January 2024	2,582	(95,151)	(313,698)	(406,267)
Effective imputed interest expense recognised	–	(5,570)	–	(5,570)
Change in fair value	(630)	–	–	(630)
Interest repayment	–	40,059	–	40,059
As at 31 December 2024	1,952	(60,662)	(313,698)	(372,408)

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2024:

“OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to Note 3 to the consolidated financial statements, which indicates that for the year ended 31 December 2024, the Group incurred a loss of HK\$605,291,000. As at 31 December 2024, although the Group’s current assets exceeded current liabilities by HK\$95,712,000, the current assets mainly comprised properties held for sale of HK\$1,503,784,000, and the borrowings as at 31 December 2024 that are repayable within twelve months after the reporting date amounted to HK\$1,224,429,000 while the Group only had cash and cash equivalents amounted to HK\$28,855,000. These conditions, along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULT

For the year ended 31 December 2024, the Group's revenue and loss attributable to owners of the Company amounted to approximately HK\$1,133.1 million (for the year ended 31 December 2023: approximately HK\$1,243.7 million) and approximately HK\$605.0 million (for the year ended 31 December 2023: approximately HK\$294.6 million), respectively.

FINAL DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2024 (for the year ended 31 December 2023: Nil). No interim dividend has been declared during the year ended 31 December 2024 (for the year ended 31 December 2023: Nil).

BUSINESS REVIEW

The Company is principally engaged in property development; property investment for sale, rental or capital appreciation; provision of property management and security services; construction and fitting out works; provision of finance; fund investment and fund management; and wine business which includes operation of wine cellar and trading of fine wine. The various lifestyle businesses are operating under the brand name of "Metropolitan".

The Group's revenue for the year ended 31 December 2024 amounted to approximately HK\$1,133.1 million (for the year ended 31 December 2023: approximately HK\$1,243.7 million), which represented a decrease of approximately HK\$110.6 million compared with last year. Loss attributable to owners of the Company for the year ended 31 December 2024 was approximately HK\$605.0 million (for the year ended 31 December 2023: approximately HK\$294.6 million). The increase in loss by approximately HK\$310.4 million was mainly due to the increase in (i) the gross loss from sale of property units (excluding write down of properties held for sale) by approximately HK\$116.1 million to approximately HK\$155.7 million for the year ended 31 December 2024 from approximately HK\$39.6 million for year ended 31 December 2023; (ii) write down of properties held for sale by approximately HK\$162.1 million to approximately HK\$185.7 million for the year ended 31 December 2024 from approximately HK\$23.6 million for year ended 31 December 2023; and (iii) finance costs (after deducting amount capitalised in cost of qualifying assets) by approximately HK\$49.4 million to approximately HK\$143.4 million for the year ended 31 December 2024 from approximately HK\$94.0 million for the year ended 31 December 2023. This increase in loss was partially setoff by a decrease in the loss on change in fair value of investment properties by approximately HK\$12.6 million, reducing from approximately HK\$65.4 million for the year ended 31 December 2023 to approximately HK\$52.8 million for the year ended 31 December 2024.

The basic and diluted loss per share for the year were both approximately HK94.32 cents, as compared to those of approximately HK45.92 cents for the corresponding period of last year. The review of the individual business segment of the Group is set out below.

PROPERTY DEVELOPMENT

Revenue was recognised in this business segment for the year ended 31 December 2024 was approximately HK\$1,053.8 million (for the year ended 31 December 2023: HK\$1,158.0 million). As at 31 December 2024, the Group had three completed projects, namely, (a) The Rainbow; (b) The Cloud; and (c) After the Rain; and two projects pending for development, namely, (d) Kwun Tong Site Project and (e) Big Triangle Project (held by an associate of the Group). A general summary and update of the property development projects of the Group during the year ended 31 December 2024 and as at 31 December 2023 are listed below:

Hong Kong Projects:

- (a) **The Rainbow:** During the year ended 31 December 2024, the sales of completed units and the temporary rental income from properties held for sale recognised was amounted to approximately HK\$21.1 million and HK\$9.6 million, respectively (for the year ended 31 December 2023: approximately HK\$10.9 million and HK\$11.4 million, respectively).
- (b) **The Cloud:** The Group redeveloped a new building in light of the new initiatives of the revitalization of industrial building announced in the Policy Address by the Chief Executive in the fourth quarter of 2018. The Cloud was completed in 2022 and revenue recognition has taken place in the second quarter of 2022. During the year ended 31 December 2024, revenue of approximately HK\$8.2 million was recognised from completion and delivery of 4 property units of the project (for the year ended 31 December 2023: HK\$150.7 million and 49 property and carpark units, respectively).
- (c) **After The Rain:** The Group developed a luxury and stylish condominium residential complex targeting at young residents pursuing high quality and design driven lifestyle. The Project provides 335 residential units, 5 ground floor shops and 65 parking spaces. The pre-sales consent was granted in February 2023. The occupation permit and certificate of compliance was granted in April 2023 and October 2023 respectively. The completion and revenue recognition has taken place in the second half of 2023. During the year ended 31 December 2024, revenue of approximately HK\$1,024.5 million was recognised from completion and delivery of 168 residential and carpark units of the project (for the year ended 31 December 2023: HK\$996.3 million and 168 residential units, respectively).
- (d) **Kwun Tong Site Project:** The total site area is around 12,600 sq.ft and it is classified as industrial/office land. The project alongside the sea with 180-degree panorama of Victoria Harbour overlooking the breathtaking views of Hong Kong Island.

South Korea, Seoul Project:

- (e) Big Triangle project: The site is located in Seongsu area of Seoul, South Korea and the project will be redeveloped into a high end prestigious office and retail complex by an associate set up by the Group and two independent third parties in 2022. The Group acquired the project as investment in an associate in 2022. The acquisition of land and design works of the project have been initiated since the third quarter of 2022 and were completed in first quarter of 2023. The project's demolition work was completed in second quarter of 2023 and construction work is expected to complete in 2027.

PROPERTY INVESTMENT

The Group is engaged in property investment for sale, rental or capital appreciation. Partial of the rental revenue is generated from provision of serviced apartments; co-working spaces and storage under the brand of "Metropolitan".

Revenue recognised in this business segment during the year ended 31 December 2024 amounted to approximately HK\$43.1 million (for the year ended 31 December 2023: approximately HK\$45.6 million), representing a decrease of approximately HK\$2.5 million compared with the corresponding period of last year. Below are the breakdown of revenue on the property investment business under serviced apartment, storage and workshop:

METROPOLITAN APARTMENT

Metropolitan Apartment is principally engaged in the business of operation of serviced apartments in Hong Kong which provided fully furnished suites with flexible monthly renewal terms. The target customers of Metropolitan Apartment are short-term overseas employees, local residents and college students. Revenue recognised in this business for the year ended 31 December 2024 amounted to approximately HK\$3.5 million (for the year ended 31 December 2023: approximately HK\$3.4 million), which represented an increase of approximately HK\$0.1 million compared with the corresponding period of last year.

METROPOLITAN STORAGE AND WORKSHOP

Metropolitan Workshop is principally engaged in the business of provision of 24-hour co-working spaces ranging from private rooms/shared offices, dedicated desks, hot desks, and virtual offices to memberships in multi-location, providing flexible price plans and all equipped workspace perfect for freelancers, entrepreneurs, smaller companies and corporates. Metropolitan Storage is principally engaged in the business of provision and operation of 24-hour storage service to the public in Hong Kong. Revenue recognised in this business for the year ended 31 December 2024 amounted to approximately HK\$38.1 million (for the year ended 31 December 2023: approximately HK\$38.6 million), which represented a decrease of approximately HK\$0.5 million compared with the corresponding period of last year.

As at 31 December 2024, the total carrying value of the Group's portfolio of investment properties, amounted to approximately HK\$738.4 million (31 December 2023: approximately HK\$776.6 million), which comprised floors and units in industrial and commercial buildings and farmland located in Hong Kong of HK\$693.2 million (31 December 2023: approximately HK\$725.8 million), and right-of-use assets ("ROU") that meet the definition of investment properties of HK\$45.2 million (for the year ended 31 December 2023: HK\$50.8 million).

Among all of the investment properties, the total carrying value categorized under Property Investment segment, amounted to approximately HK\$697.9 million (31 December 2023: HK\$733.0 million), which comprised floors and units in industrial and commercial buildings and farmland located in Hong Kong of HK\$659.2 million (31 December 2023: HK\$691.8 million); and ROU that meet the definition of investment properties of HK\$38.7 million (31 December 2023: HK\$41.2 million). The remaining investment properties were categorized under Wine Business segment.

The Group will also consider if there is any purchase opportunity for investment property or if any of the development properties have appreciation potential to be converted as investment properties, which allow more stable rental income to be generated.

PROVISION OF PROPERTY MANAGEMENT SERVICES

The Group is providing the property management and security services for our five completed projects The Galaxy, The Star, The Rainbow, The Cloud and After the Rain; two commercial buildings at Sheung Wan; and a residential building located at Happy Valley. Revenue recognised in this business segment for the year ended 31 December 2024 amounted to approximately HK\$13.9 million (for the year ended 31 December 2023: approximately HK\$12.9 million). The Group believes that the provision of all-rounded high quality property management and security services could help to enhance our brand recognition. The increase of completed projects and provision of services to other property owners or developers are expected to expand this business segment and help the Group to generate stable income in long run.

PROVISION OF FINANCE

The Group is providing credit facilities to individuals and corporations clients for its own development commercial and industrial projects. Revenue generated from this business segment for the year ended 31 December 2024 amounted to approximately HK\$2.8 million (for the year ended 31 December 2023: HK\$4.0 million), representing an decrease of approximately HK\$1.2 million over the corresponding period of last year due to decrease in average outstanding loan balances over the year.

CONSTRUCTION AND FITTING OUT WORKS

As a Registered General Building Contractor, the Group provides construction services for its own projects and fitting out works for the owners of the properties which are managed by the Group. Revenue generated from this business segment for the year ended 31 December 2024 amounted to approximately HK\$6.0 million (for the year ended 31 December 2023: HK\$5.7 million). The Group expects this business segment will have synergy with other business segments by enhancing the quality of work and lowering the construction or renovation cost.

WINE BUSINESS

The Group engaged in the sales of fine wine to Hong Kong local residents with delivery services through Metropolitan Fine Wine and leasing of professional fine wine storage services through Metropolitan Wine Cellar. Revenue recognised in this business segment for the year ended 31 December 2024 amounted to approximately HK\$13.4 million (for the year ended 31 December 2023: approximately HK\$17.0 million), which represented a decrease of approximately HK\$3.6 million compared with the corresponding period of last year. While the revenues from fine wine storage services increased by approximately of HK\$0.9 million, revenues from sales of fine wine decreased by approximately HK\$4.5 million. The decrease was mainly due to the decline in overall wine market in Hong Kong during 2024.

The total carrying value of the Group's portfolio of investment properties categorized under wine business segment amount to approximately HK\$40.5 million (31 December 2023: approximately HK\$43.6 million), which comprise a unit in industrial building located in Hong Kong of approximately HK\$34.0 million (31 December 2023: approximately HK\$34.0 million); and ROU that meet the definition of investment properties of approximately HK\$6.5 million (31 December 2023: approximately HK\$9.6 million).

FUND INVESTMENT AND MANAGEMENT

Also, the total carrying value of the Group's funds investment, amounted to approximately HK\$4.8 million (31 December 2023: approximately HK\$5.2 million). In order to broaden the sources of finance and expand the market share of property development business, the Group plans to set up and manage a real estate fund for raising more funding in the future.

LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group as at 31 December 2024 was approximately HK\$801.5 million (31 December 2023: approximately HK\$1,414.3 million). As at 31 December 2024, the Group maintained bank balances and cash of approximately HK\$28.9 million (31 December 2023: approximately HK\$46.9 million). The Group's net current assets of approximately HK\$95.7 million as at 31 December 2024 (31 December 2023: approximately HK\$730.8 million). The Group had current assets of approximately HK\$1,619.0 million as at 31 December 2024 (31 December 2023: approximately HK\$3,157.1 million). The decrease in current assets was mainly due to the sales of property units (which was classified as properties held for sale) during the year. The Group had current liabilities of approximately HK\$1,523.2 million as at 31 December 2024 (31 December 2023: approximately HK\$2,426.4 million). The decrease in current liabilities was mainly due to the repayment of bank loans using the proceeds generated from sales of property units, and payments for retention payables during the year.

The Group generally finances its operations with internally generated cashflow, convertible bonds and borrowings from banks, financial institutions and the holding company of a shareholder of the associate. As at 31 December 2024, the Group had convertible bonds issued by the Company with liability portion of HK\$60.7 million (31 December 2023: HK\$95.2 million); and outstanding borrowings of approximately HK\$1,238.7 million (31 December 2023: approximately HK\$2,069.0 million). The borrowings as at 31 December 2024 were secured by the Group's properties, pledged bank deposit and corporate guarantee.

The Group's gearing ratio (defined as the total interest-bearing borrowings divided by total equity and multiplied by 100%) increased from approximately 146.3% as at 31 December 2023 to approximately 154.6% as at 31 December 2024. Similarly, the net debt-to-equity ratio (defined as the total borrowings net of cash and cash equivalents divided by total equity) increased from approximately 143.0% as at 31 December 2023 to approximately 151.0% as at 31 December 2024. These increases were primarily due to the substantial loss incurred during the year ended 31 December 2024, which resulted in a decrease in total equity.

The Group's debt-to-assets ratio (defined as total borrowings net of cash and cash equivalents divided by total assets) decreased from approximately 50.3% as at 31 December 2023 to approximately 48.8% as at 31 December 2024. The decrease is primarily attributed to the decrease in properties held for sale, stakeholders' accounts and bank balance following the sales of residential and carpark units, as well as the repayment of borrowings during the year ended 31 December 2024.

The Group's capital commitment as at 31 December 2024 amounted to approximately HK\$13.0 million (31 December 2023: approximately HK\$12.6 million).

The Group has no significant contingent liabilities as at 31 December 2024. The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

The Group adopts a continuing monitoring approach towards treasury management policy so that the financial resources are reviewed from time to time to ensure the Group's smooth operation and loan repayment obligations. Therefore, the management of the Group is of the opinion that the Group's financial structure and resources are healthy and sufficient for meeting its needs on operation, potential investment and to cope with market changes.

CAPITAL STRUCTURE

There were no movements in the Company's share capital during the year ended 31 December 2024 (for the year ended 31 December 2023: Nil).

CONVERTIBLE BONDS

On 21 July 2020, the Company (as purchaser) and Metropolitan Lifestyle (BVI) Limited (as vendor) entered into the Acquisition Agreement to acquire the Sale Share and Sale Loan of Metropolitan Group (BVI) Limited (as defined in the circular of the Company dated 15 September 2020) at an aggregate consideration of HK\$460,000,000, which will be satisfied by (i) part payment in cash; and (ii) allotment and issue of the Convertible Bonds (the "VSA"). Completion of the VSA has taken place on 22 October 2020 and the Convertible Bonds which bear a coupon rate of 3% per annum, in the principal amount of HK\$418,000,000 have been issued to Metropolitan Lifestyle (BVI) Limited. For details, please refer to the announcements of the Company dated 21 July 2020, 30 September 2020 and the circular of the Company dated 14 September 2020.

There was no redemption or conversion of the convertible bonds during the year ended 31 December 2024 (For the year ended 31 December 2023: Nil).

FOREIGN EXCHANGE

The Group conducts its business primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollars. The Group's primary foreign exchange exposure arises from its operations in South Korea which are denominated in United States dollars and Korean Won. The foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations are mainly in United States dollars and Korean won.

In respect of the Group's operations in South Korea, the Group maintains an appropriate level of external borrowings in Korean Won for natural hedging of Korean Won attributed to those projects. The Korean Won currency exposure of the Group is mainly derived from the translation of current assets and liabilities of the subsidiaries in South Korea with functional currency of Korean Won and the Korean Won deposits held for future development costs to be expended to Hong Kong dollar. During the year ended 31 December 2024, the Group recorded exchange loss of approximately HK\$0.2 million (for the year ended 31 December 2023: HK\$8.5 million).

As at 31 December 2024, offshore bank and other borrowings were approximately Korean Won 2.8 billion, which is approximately HK\$14.6 million (31 December 2023: approximately Korean Won 0.1 billion, which is approximately HK\$0.7 million), as working capital loan for the operations in South Korea. The offshore borrowings are expected to be fully repaid in 2027. The interest rate of these borrowings ranged from 4.6% to 6.0% per annum as at 31 December 2024 (31 December 2023: 6.2%).

Apart from this, the Group does not have any significant foreign exchange exposure. Foreign currency funding and deposit exposure are monitored on a continuous basis. Exposure arising from the Group's investments in foreign operations with net assets denominated in foreign currencies is reduced, where practical, by providing funding in the same currency. The management of the Group is of the opinion that the Group has not experienced any material difficulties or liquidity on its local operation as a result of fluctuations in currency exchange rates during the reporting period. Therefore, the Group does not engage in any hedging activities.

PLEDGE OF ASSETS

As at 31 December 2024, the Group's investment properties and properties held for sale, as well as pledged bank deposit with carrying value of approximately HK\$693.2 million and HK\$1,436.0 million as well as HK\$10.0 million respectively (31 December 2023: approximately HK\$725.8 million and HK\$2,816.7 million as well as HK\$10.0 million, respectively) were pledged to secure the Group's credit facilities.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and the management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed elsewhere in this announcement, there was no significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the reporting period and the Group did not have other plans for material investments or capital assets as of 31 December 2024.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed 116 employees (31 December 2023: 133 employees) and appointed 7 Directors (31 December 2023: 7 Directors). Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to individual performance, working experience, qualification and the current relevant industry practices. Apart from base salary and statutory provident fund scheme, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as the individual's performances. Other forms of benefits such as medical scheme, on-the-job and external training to staff are also provided. The Group has not experienced any material dispute with its employees or disruption to its operations due to employee dispute and has not experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel. The Group maintains a good relationship with its employees.

POSSIBLE RISKS AND UNCERTAINTIES

The Group has reviewed the possible risks and uncertainties which may affect its businesses, financial condition, operations and prospects, and considered that the major risks and uncertainties that may affect the Group included (i) market risk which refers to the economic and financial conditions that has direct impact to the property market and purchasing power. Other retails business providers including provision of serviced apartments, workshops, storage and wine cellars may also be highly affected by the market sentiment when the economic outlook of Hong Kong was not positive; (ii) business risk like the supply and price level of bank borrowings may have significant impact to the cost of our development projects; (iii) industry risk which mainly refers to the continuing increase of construction costs; (iv) regulatory risk such as the changes of regulations may affect the completion time of our property development projects or the market sentiment e.g. property cooling measures imposed by the Government from time to time; (v) suppliers risk such as the outsource of construction works to independent third parties while they may fail to provide satisfactory services adhering to our quality and safety standards as well as within the timeline required by the Group; (vi) other business risk like the revenue cycle is strongly depends on the sales of properties which may lead to significant fluctuation of profitability in different periods; (vii) fluctuations of fair value gain or loss incurred on financial assets and investment properties; (viii) credit risk from provision of finance which may incur bad debts during the downturn of economy; (ix) bank borrowing and interest rate risk which may limit or otherwise materially and adversely affect our business, results of operations and financial conditions; and also (x) the operational expenses may also be affected by the economic situations.

The Board acknowledges its responsibility to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness from time to time. The Group has set up a risk control committee to coordinate, respond to and to tackle the abovementioned possible risks and uncertainties, and has serious scrutiny over the selection of quality customers and suppliers. The Risk Control Committee intends to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable but not absolute assurance against material misstatement or loss. The risk control committees is also responsible for developing and reviewing strategies, policies and guidelines on risk control; which enable the Group to monitor and response to risk effectively and promptly. The Group has also engaged internal auditor to review the internal operation flow to ensure the compliance with relevant rules and regulations. Whenever possible, the Group also actively proposes solutions to lower the impact of the possible risks on the businesses of the Group.

PROSPECT

During 2024, the global economic landscape continues to present challenges, with Hong Kong facing persistent inflationary pressures and elevated interest rates. These factors have contributed to ongoing caution among consumers and businesses, impacting overall sentiment in the market.

As interest rates gradually decrease, and the governments relaxation of the investment immigration programme to include residential property, the property market will expected perform better in 2025. In contrast the leasing market remains slightly robust, supported by high demand from talent schemes and the promotion of the “Study in Hong Kong” brand, including increasing the admission quota for UGC-funded universities non-local undergraduates from 20% to 40% and providing substantial demand for apartment and hostel.

As of 31 December 2024, our Group has made significant progress in the “After The Rain” project, successfully securing sales for almost all of the residential units. Our commitment to quality and strategic location in Yuen Long remains a key driver of interest, and we anticipate completing sales of the remaining units in a timely manner, even amid fluctuating market conditions.

Looking ahead, our focus remain on delivering long-term value through strategies investments operational excellence, and sustainable growth. In 2025, we will continue to leverage technology to enhance customer experiences and operational efficiency. Explore new markets and asset classes to diversify our portfolio and mitigate risks.

As we look to the future, our Group is well-positioned to capitalize on emerging opportunities and navigate potential challenges in the real estate and property development sector. Our strategic vision, robust portfolio and commitment to innovation and sustain ability provide a strong foundation for sustained growth and value creation.

EVENTS AFTER THE REPORTING PERIOD

As from 31 December 2024 to the date of this announcement, the Board is not aware of any significant events that have occurred which require disclosure herein.

OTHER INFORMATION

ANNUAL GENERAL MEETING

The 2025 annual general meeting (“**AGM**”) of the Company will be held on Wednesday, 28 May 2025 and the notice of 2025 AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the Register of Members will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer of shares of the Company accompanied by the relevant share certificates must be lodged with the Company’s share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (the “**Share Registrar**”) at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 22 May 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix 10 of the Listing Rules relating to dealings in securities. Memorandum was sent to the Directors twice a year to draw their attention to the Model Code. Having made specific enquiries of each Director, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the year ended 31 December 2024 and no incident of non-compliance by the Directors was noted by the Company throughout year ended 31 December 2024.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities throughout the year ended 31 December 2024.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules with the exception for code provision C.2.1, which requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individuals, throughout the year ended 31 December 2024.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chan Man Fai Joe currently holds both positions. Throughout our business history, Mr. Chan Man Fai Joe has been the key leadership figure of the Group who has been primarily involved in the formulation of business strategies and determination of the overall direction of the Group. He has also been chiefly responsible for the Group’s operations as he directly supervises our senior management.

The Company has considered the issue of balance of power of authority on the Board and believes the structure of the Company, including strong independent elements in the Board, delegation of authorities to the management, supervision by the Board and Board committees, is sufficient to address the potential issue on power concentration. All Directors, who bring different experience and expertise to the Company, are properly briefed on issues arising at Board meetings and that adequate, complete and reliable information is received by the Directors. Furthermore, decisions of the Board are made by way of majority votes. The Board believes that this structure is conducive to a more precise and more promptly response to the fast changing business environment and a more efficient management and implementation of business process. The Board also considers that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies. The Board considers Mr. Chan Man Fai Joe to be the best candidate for both positions and the present arrangements are beneficial and in the interests of our Company and our shareholders as a whole.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, including, Ms. Chan Wah Man Carman (Chairman of the Audit Committee), Mr. Lee Chung Ming Eric and Dr. Wong Wai Kong.

The functions of the audit committee are, among others, to assist the Board to review the financial information of the Company, including interim and final results; to monitor and review the relationship with the external auditors, particularly on their independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; to oversight of the Company's risk management, financial system and internal control procedures; to oversight of the Company's corporate governance functions and connected transactions; and to make relevant recommendations to the Board to ensure effective, efficient and reliable reporting.

The Audit Committee had reviewed the Group's audited consolidated financial statements and above matters for the year ended 31 December 2024.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by BDO Limited on this announcement.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.stargroupasia.com). The 2024 annual report containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

For and on behalf of the Board
Star Group Asia Limited
Chan Man Fai Joe
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chan Man Fai Joe (Chairman and chief executive officer) and Ms. Cheung Wai Shuen; two non-executive Directors, namely Mr. Tsui Wing Tak and Mr. Yim Kwok Man; and three independent non-executive Directors, namely Dr. Wong Wai Kong, Mr. Lee Chung Ming Eric and Ms. Chan Wah Man Carman.