STAR

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

ANNUAL REPORT 2024

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CORPORATE INFORMATION

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman KY1-1108, Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 603, 6/F, Tower 1, Admiralty Centre
18 Harcourt Road, Admiralty, Hong Kong

COMPANY WEBSITE

www.stargroupasia.com

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chan Man Fai Joe (陳文輝)
Ms. Cheung Wai Shuen (張慧璇)

NON-EXECUTIVE DIRECTORS

Mr. Yim Kwok Man (嚴國文)
Mr. Tsui Wing Tak (徐穎德)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Chung Ming Eric (李仲明)
Ms. Chan Wah Man Carman (陳華敏)
Dr. Wong Wai Kong (黃偉桄)

COMPANY SECRETARY

Ms. Cheung Wai Shuen (FCG HKFCG)

AUDIT COMMITTEE

Ms. Chan Wah Man Carman *(Chairlady)*
Mr. Lee Chung Ming Eric
Dr. Wong Wai Kong

NOMINATION COMMITTEE

Mr. Chan Man Fai Joe *(Chairman)*
Mr. Lee Chung Ming Eric
Dr. Wong Wai Kong

REMUNERATION COMMITTEE

Ms. Chan Wah Man Carman *(Chairlady)*
Mr. Chan Man Fai Joe
Dr. Wong Wai Kong

RISK CONTROL COMMITTEE

Mr. Yim Kwok Man *(Chairman)*
Mr. Chan Man Fai Joe
Ms. Cheung Wai Shuen
Mr. Lee Chung Ming Eric
Mr. Tsui Wing Tak

EXECUTIVE COMMITTEE

Mr. Chan Man Fai Joe *(Chairman)*
Ms. Cheung Wai Shuen

AUTHORISED REPRESENTATIVES

Mr. Chan Man Fai Joe
Ms. Cheung Wai Shuen

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited
North Point Branch
G/F, 486 King's Road, North Point, Hong Kong

Hang Seng Bank
83 Des Voeux Road, Central, Hong Kong

Fubon Bank
Fubon Bank Building
38 Des Voeux Road Central, Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central, Hong Kong

Bank of China (Hong Kong) Limited
1 Garden Road, Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
(Registered Public Interest Entity Auditors)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park, PO Box 1350
Grand Cayman KY1-1108, Cayman Islands

HONG KONG SHARE REGISTRAR

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Star Group Asia Limited (the "**Company**", together with the subsidiaries, the "**Group**" or "**Star Group**"), I would like to present the annual report of the Company for the year ended 31 December 2024. For the year, the Group recorded a total revenue of approximately HK$1,133.1 million, representing a decrease of approximately HK$110.6 million from approximately HK$1,243.7 million of total revenue reported for the year ended 31 December 2023. The net loss attributable to the owners of the Company was approximately HK$605.0 million for the year ended 31 December 2024 and basic loss per share was HK94.32 cents. The difficult operating environment in the Hong Kong property market plus the high interest cost led to negative earnings for the Company in the financial year.

One of the most significant accomplishments of the year was the successful liquidation of almost 100% of the residential units in our flagship After The Rain Project. This achievement is a testament to the strength of our brand, the quality of our developments, and the trust our customers place in us even in a tough economic climate.

Through prudent financial management and a focus on reducing leverage, we have successfully reduced our total borrowings from HK$2 billion to 1.2 billion. The reduction in debt reflects our commitment to maintaining a robust financial foundation and ensuring the long-term sustainability of our business.

Going forward, The Company will continue to build Star Group into a high quality, innovative, and purposeful brand, which is not only a property developer but also a multi lifestyle business service provider, as well as a capital market participant. The Company will continue to endeavor delivering attractive returns to our shareholders and meaningful job opportunities to our employees. Through multiple initiatives and marketing campaigns, the Company will also continue to contribute to society through its commitments on creativity, entrepreneurship, and protection of the environment.

Finally, I would like to take this opportunity to extend my sincere gratitude to our shareholders, customers and business partners for their continuous support and trust; and my fellow directors for their concerted efforts and insights throughout the years; and the management team and all other colleagues at Star Group for their unwavering commitment and hard work.

Chan Man Fai Joe
Chairman

28 March 2025

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 is providing 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, residential 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, residential 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$1 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) after completion of the property development project 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 bank 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 operating subsidiaries 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 report, 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 government's 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.

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chan Man Fai Joe（陳文輝）, aged 66, is an executive Director since 14 March 2016. He is also the chairman, chief executive officer and one of the controlling shareholders of the Company. Mr. Chan is also the chairman of the nomination committee and executive committee. He is also a member of the remuneration committee and the risk control committee focusing on business risk. Mr. Chan is primarily responsible for the overall management, strategic planning, business strategies and corporate development of the Group. Mr. Chan has over 40 years of advisory and trading experience at leading financial institutions and has extensive experience in the property market. Mr. Chan plays an instrumental role in defining our investment strategies and capital and strategic development. His years of experience in securities and financial sectors as well as the property market have enabled him to develop insights in the macro economic environment and the market trend which may help the Group identify themes and opportunities in the marketplace. Mr. Chan has undertaken to devote sufficient time and attention to the overall management, strategic planning and corporate development of the Group. Mr. Chan received his degree of Bachelor of Social Sciences from The University of Hong Kong in November 1982 and his degree in Master of Business Administration from The Wharton School, University of Pennsylvania, U.S. in May 1987. Mr. Chan did not hold any other directorships in listed public companies in the last three years.

Ms. Cheung Wai Shuen（張慧璇）, aged 49, is an executive Director and company secretary of the Company since 14 March 2016. Ms. Cheung is also a member of the executive committee and risk control committee focusing on business risk. Ms. Cheung is primarily responsible for the financial management, company secretarial matters, internal control related matters and administration of the Group. Ms. Cheung had been the company secretary of the Group and the finance and corporate planning managing Director of Star Properties (H.K.) Limited ("**Star Properties**"), a wholly owned subsidiary under Star Group, since November 2010 and October 2014 respectively. Ms. Cheung has over 23 years of financial and regulated activities experience. Ms. Cheung is currently a registered representative of type 4 activities (advising on securities), and type 9 (asset management) regulated activities with the Securities and Futures Commission (the "**SFC**"). Ms. Cheung is a fellow of The Chartered Governance Institute and admitted associate of The Hong Kong Chartered Governance Institute. Ms. Cheung graduated with a degree in Bachelor of Business Administration (Honours) in Finance from Hong Kong Baptist University in December 1998 and obtained the degree in Master of Corporate Governance, from Hong Kong Polytechnic University in October 2013. Ms. Cheung did not hold any other directorships in listed public companies in the last three years.

NON-EXECUTIVE DIRECTORS

Mr. Yim Kwok Man（嚴國文）, aged 56, is a non-executive Director since 14 March 2016. Mr. Yim is the chairman of the risk control committee focusing on compliance related matters. Mr. Yim has over 27 years of extensive experience in the areas of corporate finance, equity capital markets and mergers and acquisitions advisory in Hong Kong. Mr. Yim has been a fellow member of The Association of Chartered Certified Accountants and an associate member of Hong Kong Society of Accountants since November 1998 and January 2002 respectively. Mr. Yim graduated from Hong Kong Polytechnic University with a Bachelor of Engineering degree in Civil Engineering in November 1991. He attended an international MBA exchange program at John E Anderson Graduate School of Management, University of California, Los Angeles (UCLA), USA in 1993 and obtained a degree in Master of Business Administration (MBA) from the Chinese University of Hong Kong in September 1994. Mr. Yim is currently an independent non-executive director of Tsui Wah Holdings Limited (stock code: 1314) since November 2012, a company listed on the Main Board of the Stock Exchange of Hong Kong (the "**Stock Exchange**") which is a food and catering services provider; and an independent non-executive director of Apex Ace Holding Limited (stock code: 6036) since February 2018, a company listed on the Main Board of Stock Exchange which is the suppliers of digital storage products and electronic components; and an independent non-executive director of a private company, Wealthy Strong Corporation Limited since September 2022. Save as disclosed, Mr. Yim did not hold any other directorships in listed public companies in the last three years.

Mr. Tsui Wing Tak（徐穎德）, aged 43, is a non-executive Director of the Company since 7 February 2022. Mr. Tsui is also the member of the risk control committee. Mr. Tsui was awarded a Bachelor of Business Administration in accounting from Hong Kong University of Science and Technology in November 2004. He was admitted as a Certified Public Accountant and a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants in January 2009 and January 2012, respectively.

Mr. Tsui has more than 20 years of experience in the accounting and corporate field. Mr. Tsui has been the Chief Executive Officer of AE Majors Advisory Company Limited which is principally engaged in the provision of corporate advisory services, since January 2012. He was the company secretary of Noble House (China) Holdings Limited (now known as Zhonghua Gas Holdings Limited) (stock code: 8246), a company listed on GEM of the Stock Exchange, from July 2013 to August 2014. From August 2004 to January 2012, Mr. Tsui worked in an international accounting firm in Hong Kong with his last position as a manager in auditing. Mr. Tsui was a non-executive Director of CCT Land Holdings Limited (now known as GBA Holdings Limited) (stock code: 261), a company listed on the Main Board of the Stock Exchange, from January 2017 to April 2018. Mr. Tsui was the non-executive Director and company secretary of Jiu Zun Digital Interactive Entertainment Group Holdings Limited (now known as Infinities Technology International (Cayman) Holdings Limited) (stock code: 1961), a company listed on the Main Board of the Stock Exchange, from February 2019 to May 2022. Mr. Tsui was appointed as an executive Director and chairman of Capital Estate Limited (stock code: 193), a company listed on the Main Board of the Stock Exchange from February 2022 to December 2023. Mr. Tsui has been the executive Director of Qi-House Holdings Limited (stock code: 8395), a company listed on GEM of the Stock Exchange, since September 2016. Mr. Tsui has been the company secretary of Ching Lee Holdings Limited (stock code: 3728), a company listed on the Main Board of the Stock Exchange, since August 2017.

Mr. Tsui was appointed by the Embassy of the Republic of the Uganda in Beijing as Honorary Trade, Tourism and Investment Consultant/Adviser in China (Hong Kong and Macau SAR) from November 2016 to June 2019. Mr. Tsui was appointed as a member of the Chinese People's Political Consultative Conference of Qinzhou City in Guangxi Province in China since December 2019. Mr. Tsui was appointed by the Ministry of Foreign Affairs and Regional Integration of the Republic of Ghana as Honorary Consul of Ghana in Hong Kong in March 2020. Mr. Tsui was also appointed by Home Affairs Department of HKSAR as the team leader of the Eastern District Care Team (Braemar Hill) since 29 September 2023. Save as disclosed, Mr. Tsui did not hold any other directorships in listed public company in the last three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Chung Ming Eric（李仲明）, aged 60, is an independent non-executive Director since 27 June 2016. Mr. Lee is a member of the audit committee, nomination committee and risk control committee focusing on industry risk. Mr. Lee has professional experience in the architectural industry. Mr. Lee is currently a Director of LCM & Associates Ltd., an architectural firm. Mr. Lee graduated from The University of Hong Kong with a degree in Bachelor of Arts (Architectural Studies) in November 1988, and subsequently with a Bachelor of Architecture degree in November 1991. Mr. Lee also obtained a degree in Master of Science (Conservation) from the University of Hong Kong in December 2005. He has been a member of the Hong Kong Institute of Architects since December 1992 and a registered architect in the Architects Registration Board in Hong Kong since July 1993. He also obtained the qualification of authorised person (list of architects) from the Buildings Department in 1995. Mr. Lee did not hold any other directorships in listed public companies in the last three years.

Ms. Chan Wah Man Carman（陳華敏）, aged 56, joined the Group as an independent non-executive Director since 27 June 2016. Ms. Chan is the chairman of the audit committee and the chairman of the remuneration committee of the Company. Ms. Chan possesses over 30 years of experience in asset management, corporate finance and financial advisory. Ms. Chan obtained a degree in Bachelor of Science from Minnesota State University, Bemidji, U.S. in August 1993, and a Master of Accounting degree from Curtin University of Technology, Australia through long distance learning in February 2000. Ms. Chan has been a member of Hong Kong Institute of Certified Public Accountants and a Certified Practicing Accountant of CPA Australia since July 2005 and April 2005, respectively. Since November 2001, she has been a responsible officer to conduct type 6 (advising on corporate finance); since August 2022, she has been a responsible officer to conduct type 4 (advising on Securities) and type 9 (asset management) and since 9 August 2024, she has been a responsible officer to conduct type 1 (dealing in securities) regulated activities under the SFC. Ms. Chan did not hold any other directorships in listed public companies in the last three years.

Dr. Wong Wai Kong（黃偉桄）, aged 59, joined the Group as an independent non-executive Director since 24 January 2020. Dr. Wong is a member of the audit committee, remuneration committee and nomination committee of the Company. Dr. Wong obtained a Bachelor Degree of Business Administration from the Hong Kong Baptist University in Hong Kong in November 1990, a Master Degree of Business Administration from the University of Sheffield in the United Kingdom in May 1995, a Master Degree of Science in Business Information Technology from the Middlesex University in the United Kingdom in January 2003 and a Doctor of Philosophy in Business Administration from the Bulacan State University in the Republic of the Philippines in July 2015. Dr. Wong has over 25 years of experience in corporate finance, financial advisory and management, professional accounting and auditing. Dr. Wong is a Certified Public Accountant (practicing) in Hong Kong and a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants.

Dr. Wong is currently the executive director of Pangaea Connectivity Technology Limited (stock code: 1473) since February 2022, a company listed on the Main Board of the Stock Exchange which engaged in distribution of connectivity products. Dr. Wong had been a non-executive director of Kam Hing International Holdings Limited (stock code: 2307) from January 2018 to December 2020, a company listed on the Main Board of the Stock Exchange which engaged in manufacture and trading of knitted fabrics, dyed fabrics and yarns. Save as disclosed, Dr. Wong did not hold any other directorships in listed public company in the last three years.

SENIOR MANAGEMENT

Mr. Lee Lap Yan Philip（李立人）, aged 54, is a Managing Director of project development of Star Properties and is responsible for overall design, project management, project overall planning, implementation of policies and procedures, design quality control and leading and managing the consultants. Mr. Lee has over 24 years of experience in the property development, architectural, building and construction industries. Mr. Lee graduated from the University of Portsmouth, the United Kingdom (the "**UK**") with a degree of Arts in Bachelor of Architecture in June 1992.

Mr. Yu Bobby Jump Ming（余湛銘）, aged 36, is a Managing Director Capital Market of Star Properties. Mr. Yu is responsible for the Group's overall business development and capital management. He has successfully led the Group in new business opportunities and cultivated relationships with different stakeholders including landlords, developers, REITS, family offices, investors and consultants. Mr. Yu is currently a registered responsible officer of type 4 activities (advising on securities) and type 9 (asset management) regulated activities with the Securities and Futures Commission (the "**SFC**"). Prior to that, Mr. Yu has worked with hedge funds and in the private investment industry, where he has gained extensive financial knowledge and experiences. Mr. Yu is also the co-founder and General Manager of Metropolitan Workspace, a co-working space across Hong Kong and Asia. Mr. Yu has led the expansion of the business from one location to eight within 7 years. Mr. Yu has been involved in driving the development, brand building, customer relationship management, marketing, and system development of the business. Mr. Yu has a Business Administration Degree from Hofstra University, New York, USA, and a Master of Science in Real Estate at Hong Kong University.

Ms. Li Miu Kam Gina（李妙琴）, aged 36, is a Director of Star Properties (Metropolitan). Ms. Li is primarily responsible for overseeing the wine business including the wine cellar leasing and fine wine trading. She joined Metropolitan Lifestyle (H.K.) Limited in 2017 and her employment transferred into Star Group when Star Group acquired the business and the brand of Metropolitan. Ms. Li has over 13 years' experience in the wine industry. She is a veteran at Metropolitan Wine Cellar Group since the early establishment of Metropolitan Wine Cellar in 2012. Being passionate about wine, she traveled to Australia for one year to experience the local food and drinks there in 2015. Further, in order to broaden her horizon in the wine world, she took a Master degree in Wine Business in Dijon, where the capital of Burgundy for one and half year, to learn directly from Wine Master, Chateaux Owner and winemakers. She has been a buyer and has expertly arranged wine tasting and dinner events with chateaux ambassadors.

Mr. Chan Chi Wai Ivan（陳志偉）, aged 48, is a Director of Star Properties (Metropolitan). Mr. Chan is responsible for overseeing the business of storage business. He joined Metropolitan Lifestyle (H.K.) Limited in 2019 and his employment transferred into Star Group when Star Group acquired the business and the brand of Metropolitan. Mr. Chan has over 21 years' experience in the franchise and business development field, with duties covering a board range of areas including new business set-up and steering business growth strategy, with particular focus on mini-storage management and development. He has overseen over 80 brands across different sectors and successfully assisted the brands to establish their franchise business in Hong Kong, Macau and Taiwan.

Mr. Ma Chi Hang Penny（馬志恒）, aged 43, is the Managing Director of Star Properties since 2024. Mr. Ma is the Head of Property Management team and is responsible for several business units, including property management service, security, cleaning and contracting service. Mr. Ma has over 20 years of experience in property management industry. Mr. Ma obtained a BA (Hons) in Business Administration and Management from De Montfort University and Professional Diploma in Housing Management from HKU SPACE. Mr. Ma holds a PMP (Tier 1) license under Property Management service Authority, and is a member of Hong Kong Institute of Housing and Registered Professional Housing Manager of Housing Manager Registration Board.

The Board is pleased to present this corporate governance report in the Company's annual report for 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 Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange 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 Reporting Period.

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 to be the best candidate for both positions and the present arrangements are beneficial and in the interests of our Company and the shareholders of the Company (the "**Shareholders**") as a whole.

CORPORATE PURPOSE AND GOVERNANCE

The Company strives to deliver best quality of services to its customers and generates long term investment returns to the Shareholders. A discussion and analysis of the Group's performance is set out in this annual report under "Management Discussion and Analysis".

The Board is dedicated to maintain a high standard of corporate governance practices and business ethics as we believe that good governance is essential for long term success and sustainability of business. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders, and comply with the increasingly stringent regulatory requirements as well as to fulfill its commitment to excellent corporate governance.

The Board is responsible for performance the corporate governance duties and the Board has delegated such duties to audit committee of the Company (the "**Audit Committee**"). The corporate governance duties includes (1) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board; (2) to review and monitor the training and continuous professional development of Directors and senior management; (3) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements; (4) to develop, review and monitor the code of conduct according to the anti-corruption policy applicable to employees and Directors; and (5) to review the Group's compliance with the CG Code and disclosure in the corporate governance report.

THE BOARD

BOARD COMPOSITION

As at 31 December 2024, the Board comprises 7 Directors, with 2 executive Directors ("**EDs**"), 2 non-executive Directors ("**NEDs**") and 3 independent non-executive Directors ("**INEDs**").

The composition of the Board as at 31 December 2024 is set out as follows:

Executive Directors:
Mr. Chan Man Fai Joe
Ms. Cheung Wai Shuen

Non-executive Directors:
Mr. Yim Kwok Man
Mr. Tsui Wing Tak

Independent non-executive Directors:
Dr. Wong Wai Kong
Mr. Lee Chung Ming Eric
Ms. Chan Wah Man Carman

The profiles of all Directors are set out on pages 15 to 18 of this annual report. Save as disclosed in this annual report, to the best knowledge of the Company, there is no other relationship among members of the Board, including financial, business, family or other material/relevant relationship.

The Board considers its composition provided a balance of gender, skills and experience necessary for decision making and fulfilling its business needs. With 3 out of 7 Directors are independent; the Board composition has a strong independent element which can effectively exercise independent judgement. Besides, the number of NEDs is also sufficient to carry out weight for their view. The Board believes that the participation of INEDs brings independent professional judgements on issues relating to the Group's strategy and performance to ensure that the interests of all Shareholders have been duly considered.

The Company has complied with Rules 3.10(1) and (2), and Rule 3.10A of the Listing Rules during the Reporting Period. Pursuant to the requirement of the Listing Rules, the Company has received written confirmation of independence from each of the INEDs, and considers all of the INEDs to be independent in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules. The Company considers all INEDs to be independent in accordance with the independence requirements set out in the Listing Rules. All Directors are aware of the required levels of fiduciary duties, care, skill and diligence under Rule 3.08 of the Listing Rules.

BOARD ATTENDANCE

During the Reporting Period, the attendance of each Director at the Board meetings and the general meeting of the Company held are set out as follows:

	Board meeting	Audit Committee meeting	Nomination Committee meeting	Remuneration Committee meeting	Risk Control Committee meeting
Executive Directors:					
Mr. Chan Man Fai Joe	4/4	N/A	1/1	1/1	1/1
Ms. Cheung Wai Shuen	4/4	N/A	N/A	N/A	1/1
Non-executive Directors:					
Mr. Yim Kwok Man	4/4	N/A	N/A	N/A	1/1
Mr. Tsui Wing Tak	4/4	N/A	N/A	N/A	1/1
Independent non-executive Directors:					
Dr. Wong Wai Kong	4/4	3/3	1/1	1/1	N/A
Mr. Lee Chung Ming Eric	4/4	3/3	1/1	N/A	1/1
Ms. Chan Wah Man Carman	4/4	3/3	N/A	1/1	N/A

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions, budgets and business plans, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and performance evaluation and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Directors, individually and collectively, must act in good faith in the best interests of the Company and the Shareholders.

The Board has overall responsibility on risk management and internal control and it has delegated such duty to the risk control committee of the Company (the "**Risk Control Committee**"). The Board also has responsibility on reviewing the implementation and effectiveness of the Group's board diversity policy (the "**Board Diversity Policy**") and it has delegated such duty to the nomination committee of the Company (the "**Nomination Committee**").

The Group's day-to-day management, implementation of decisions of Board, administration and operation are delegated to the management of the Company. The Board regularly reviews the performance of the management.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Directors are continuously updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities and to ensure that they are fully aware of their duties and responsibilities under statue and common law, the Listing Rules and the Company's business and governance policies. Continuing briefings and professional development to Directors will be arranged whenever necessary.

The Company has received from each of the Directors a record of training they received during the Reporting Period. A summary of such training is listed as follows:

Name of Directors	Type of training
Executive Directors	
Mr. Chan Man Fai Joe	A, B
Ms. Cheung Wai Shuen	A, B
Non-executive Directors	
Mr. Yim Kwok Man	B
Mr. Tsui Wing Tak	A, B
Independent non-executive Directors	
Dr. Wong Wai Kong	A, B
Mr. Lee Chung Ming Eric	B
Ms. Chan Wah Man Carman	A, B

A: Attending training courses and/or seminars conferences, workshops, forums or conference

B: Reading journals and materials in relation to regulatory updates, duties and responsibilities of the Directors and the business of the Group.

COMPANY SECRETARY'S TRAINING

Pursuant to Rule 3.29 of the Listing Rules, the company secretary must take no less than 15 hours of relevant professional training in each financial year. Ms. Cheung Wai Shuen, an ED, was appointed as the company secretary of the Company the ("**Company Secretary**"). She has provided her training records to the Company indicating that she has undertaken more than 15 hours of relevant professional development during the Reporting Period, by means of attending seminars and reading relevant guidance materials.

BOARD COMMITTEES

The Board has delegated authority to 5 standing committees with specific roles and responsibilities. Their terms of reference and composition are reviewed regularly to ensure that they remain appropriate and reflect changes in good practice and governance. Each committee is required to report to the Board on its decision and recommendations, where appropriate.

EXECUTIVE COMMITTEE

The executive committee of the Company (the "**Executive Committee**") was established on 1 November 2016 and it consists of all executive Directors from time to time. It is responsible for general management, investment, funding and financing requirements and application, supervising the day-to-day management, performance and operations in accordance with the business strategy of the Group, reviewing strategy and business development initiatives of the Group and monitoring their implementation. As at 31 December 2024, the Executive Committee comprises two members, including Mr. Chan Man Fai Joe (chairman of the Executive Committee) and Ms. Cheung Wai Shuen.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") has been established on 27 June 2016 with specific written terms of reference stipulating its authorities and duties in compliance with code provision of E.1.2 of the CG Code, which are available on the websites of the Company and the Stock Exchange. As at 31 December 2024, the Remuneration Committee comprises of Ms. Chan Wah Man Carman (chairlady of the Remuneration Committee), Dr. Wong Wai Kong and Mr. Chan Man Fai Joe.

The primary roles and functions of the Remuneration Committee include:

(a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and establishing a formal and transparent procedure for developing remuneration policy;

(b) to review and approve the management's remuneration proposals with reference to the Board's goals and objectives;

(c) to make recommendations to the Board on the remuneration packages of individual EDs and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) to make recommendations to the Board on Directors' fee of the NEDS with reference to the range of remuneration of other NEDS in the similar industry;

(e) to consider salaries paid by comparable companies in the industry in which the Company operates, time commitment and responsibilities, and employment conditions elsewhere in the Group;

(f) to review and approve compensation payable to EDs and senior management for any loss or termination of office or appointment in order to ensure that it is consistent with contractual terms and is otherwise fair and in line with market practice;

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct in order to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(h) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and

(i) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

During the Reporting Period, one Remuneration Committee meeting was held for, inter alia, reviewing the remuneration policies and structure for the Directors and senior management of the Group, during which all members were present in the meeting and no Director was involved in deciding his/her own remuneration.

Pursuant to paragraph E.1.5 of the CG Code, the remuneration of the Directors and members of the senior management by band for the Reporting Period are set out in note 11 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee of the Company (the "**Nomination Committee**") has been established on 27 June 2016 with specific written terms of reference stipulating its authorities and duties in compliance with code provision of B.3.1 of the CG Code. The terms of reference for Nomination Committee, which may be amended from time to time, are available on the websites of the Company and the Stock Exchange. As at 31 December 2024, the Nomination Committee comprises of Mr. Chan Man Fai Joe (chairman of the Nomination Committee), Dr. Wong Wai Kong and Mr. Lee Chung Ming Eric.

The primary roles and functions of the Nomination Committee are as follows:

(a) formulate nomination policy for consideration of the Board and implement the nomination policy laid down by the Board;

(b) review the structure, size and composition (including the skills, knowledge and experience) of the Board annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(c) recommend to the Board on the appointment or reappointment of Directors and succession planning for Directors in particular the chairman of the Board and the Group's managing Director;

(d) identify individuals suitably qualified to become Directors and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(e) to assess the independence of INEDs;

(f) adopt nomination procedures, process and criteria to select and recommend candidates for directorship and to review periodically and to disclose in the corporate governance report annually. The Committee should ensure that the selection process is transparent and fair, and that it considers a broad range of diverse candidates who are outside the Board's circle of contacts and in accordance with the Company's diversity policy;

(g) review annually time commitment required of Directors and evaluate whether Directors have adequate time to discharge their responsibilities;

(h) in respect of any proposed service contracts to be entered into by any members of the Group with its director or proposed director, which require the prior approval of the Shareholders at general meeting, to review and provide recommendations to the Shareholders (other than Shareholders who are Directors with a material interest in the relevant service contracts and their respective associates) as to whether the terms of the service contracts are fair and reasonable and whether such service contracts are in the interests of the Company and the Shareholders as a whole, and to advise Shareholders on how to vote;

(i) review the policy concerning diversity of the Board and the measurable objectives for implementing such policy from time to time adopted by the Board, and to review the progress on achieving these objectives, and shall disclose the policy on diversity or a summary of the policy in the corporate governance report annually;

(j) where the Board propose a resolution to elect an individual as an INED at the general meeting, it should set out in circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting (i) the process used for identifying the individual and why the Board believes the individual should be elected and the reason why it considers the individual to be independent; (ii) if the proposed INED will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board; (iii) the perspectives, skills and experience that the individual can bring to the Board; and (iv) how the individual contributes to diversity of the Board; and

(k) make recommendation to the Board concerning (a) formulating plans for succession for both executive and non-executive Directors; (b) membership of the Audit Committee and Remuneration Committee, in consultation with the chairmen of these committees; and (c) the re-appointment of non-executive Directors at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in light of the knowledge, skills and experience required.

During the Reporting Period, one Nomination Committee meeting was held to review the structure, size, composition and diversity of the Board; and assess the independence of the INEDs, during which all members were present in the meetings.

Board Diversity Policy

The Board Diversity Policy was adopted by the Company pursuant to Board resolutions. The Board Diversity Policy aims to set out the approach to achieve diversity on the Company's Board. With a view to achieving a sustainable and balanced development, the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time.

The Nomination Committee is responsible for reviewing and monitoring the achievement of the measurable objectives set out in Board Diversity Policy, as appropriate, to ensure the effectiveness of Board Diversity Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. It will review the Board's composition at least once annually taking into account the benefits of all relevant diversity aspects and adhere to the Board Diversity Policy when making recommendation on any Board members appointments.

The composition of the Board as at 31 December 2024 is set out as follows:

Gender	Females (2); Males (5)
Age Group	35-45 (1); 46-55 (1); 56-65 (4); 66-75 (1)
Length of Directorship	1-3 years (1); 4-5 years (1), above 6 years (5)
Other public companies Directorship(s) (No. of companies (no. of Directors)	0 (4); 1 (1); 2 (1); 3 (1)
Accounting professionals	(3)

The gender ratio of the Senior Management as at 31 December 2024 is set out as follows:

Gender	Female (1); Males (4)

Nomination of Directors

Selection of candidates will be based on a range of diversity perspectives, including but not limited to the gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, number of directorship with other public companies and length of service. High emphasis is placed on ensuring a balanced composition of skills and experience at the Board level in order to provide a range of perspectives, insights and challenge that enable the Board to discharge its duties and responsibilities effectively, support good decision making in view of the core businesses and strategy of the Group. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board also aspires to having an appropriate proportion of directors who have direct experience in the Group's core markets and reflecting the Group's strategy. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Terms of Non-Executive Directors

Each NED or INED was appointed for a specific term of three years.

Appointment and Re-Election of 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. At each annual general meeting, one third of the Directors for the time being or, if their number is not 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 at an annual general meeting at least once every three years. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be eligible for re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

AUDIT COMMITTEE

The Audit Committee has been established on 27 June 2016 with specific written terms of reference stipulating its authorities and duties in compliance with code provision of D.3.3 of the CG Code. The terms of reference, which may be updated from time to time, are available on the websites of the Company and the Stock Exchange. As at 31 December 2024, the Audit Committee comprises three INEDs, including, Ms. Chan Wah Man Carman (chairlady 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 and efficient and reliable reporting. More details of the functions and duties of Audit Committee is available in the terms of reference.

The Audit Committee had reviewed the Group's consolidated financial statements for the year ended 31 December 2024. During the Reporting Period, three Audit Committee meetings were held to review and discuss, inter alia, with the management of the Company; the internal auditor and the external auditors the accounting principles and practices adopted by the Group, as well as internal controls, risk factors and other financial reporting matters, during which all members were present throughout the meetings.

Review on Auditor's Remuneration and Independence

The fees in relation to the audit services provided by BDO Limited, the external auditor of the Company, for the year ended 31 December 2024 amounted to HK$1,390,000 (for the year ended 31 December 2023: HK$1,520,000), and those in relation to non-audit service amounted to HK$190,000 (2023: HK$200,000).

The Board or the Audit Committee is satisfied with, inter alia, the audit fees, effectiveness of the audit process, independence and objectivity of BDO Limited and has recommended to the Board the re-appointment of BDO Limited as the Company's external auditor for the ensuing year at the forthcoming annual general meeting of the Company.

Related Party Transactions

During the Reporting Period, the Group entered into certain transactions with "related parties" as defined under the applicable accounting standards and the details of the material related party transactions (the "**Transactions**") are disclosed in note 39 to the consolidated financial statements.

Save as disclosed in this annual report, the Transactions falls under the definition of "continuing connected transactions" under Chapter 14A of the Listing Rules, but are fully exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules. Please refer to the paragraph headed "Continuing Connected Transactions" for details of these fully-exempted continuing connected transactions.

RISK CONTROL COMMITTEE

The Risk Control Committee was established on 27 June 2016. As at 31 December 2024, the Risk Control Committee comprises two NEDs, Mr. Yim Kwok Man (chairman of the Risk Control Committee) and Mr. Tsui Wing Tak, and two EDs, Mr. Chan Man Fai Joe and Ms. Cheung Wai Shuen, and one INED, Mr. Lee Chung Ming Eric.

The primary responsibilities of our Risk Control Committee include but not limited to:

- supervising and monitoring the risks (with a focus on business risk, industry risk, regulatory risk, compliance risk) and compliance management system of the Company, including the policies, structure and specific responsibilities;

- advising and monitoring as to the compliance with the relevant Listing Rules before the Company proposes to enter into transactions to which Chapters 14 and 14A of the Listing Rules apply;

- reviewing and monitoring the training and continuous professional development of our Directors and senior management;

- monitoring the compliance with the CG Code and the disclosure in the Corporate Governance Report; and

- monitoring the effective implementation of the risk and compliance management and evaluating the performance of our senior management who are responsible for the risk and compliance management.

During the Reporting Period, one Risk Control Committee meeting was held to review the internal control and risk management of the Group, during which all members were present in the meeting. The Board is of the view that the risk management and internal control systems in place for the Reporting Period and up to the date of issuance of the annual report are effective and adequate.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the ultimate responsibility to maintain sound and effective risk management and internal control systems for the Group to safeguard the interests of Shareholders and the Group as a whole and to ensure strict compliance with relevant laws, rules and regulations. The Board has delegated the duties to the Risk Control Committee and Audit Committee who are responsible for reviewing the effectiveness of the risk management and internal control systems and reporting to the Board whereas Audit Committee has particularly focused on the risk management and internal control over the financial aspect.

Our internal control systems cover various operating processes from risk assessment, financial reporting, cost management, pricing for property projects to staff recruitment and training and maintenance of IT system control on annual basis. The senior management of the Group, supported by the EDs, Audit Committee and Risk Control Committee, is responsible for the design, implementation and monitoring of the risk management and internal control systems, reports to the EDs on regularly basis, and collaborate with the internal audit.

Pursuant to code provision of D.2.1 of the CG Code, the Board has overseen the risk management and internal control systems on an ongoing basis. An outsourced internal audit team was engaged to perform an annual review on the major operating units of the Group for the Reporting Period.

During the Reporting Period under review, the internal audit department of the Group conducted selective reviews of the effectiveness of the risk management and internal control system of the Group over financial, operational and compliance control by auditing on the sales and marketing procedures, treasury management, compliance on corporate governance requirements under appendix 14 of Listing Rules and review on the updates of the recommendations made in last year's review. The review results were assessed by Group internal auditor and reported to the Risk Control Committee and Audit Committee, which then reviewed and reported the same to the Board.

DIVIDEND POLICY

In order to enhance transparency of the Company and facilitate the Shareholders and investors of the Company to make informed investment decisions relating to the Company, the Board has adopted a dividend policy (the "**Dividend Policy**"). According to the Dividend Policy, when determining whether to declare any dividend in the future and the amount of dividend to be declared, the Company shall consider a number of factors, including but not limited to:

- the Group's actual and expected financial results;
- the Shareholders' interests;
- the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company;
- the Company's business operation strategy, including expected working capital requirements, capital expenditure requirements and future expansion plans;
- the Company's liquidity position;
- retained earnings and distributable profit reserves of the Company;
- the contractual restrictions on the payment of dividends imposed by the Company's lenders and other institutions;
- our capital requirements;
- possible effects on our creditworthiness;
- taxation considerations;
- statutory and regulatory restrictions; and
- any other factors that the Board considers to be applicable from time to time.

SHAREHOLDERS' RIGHTS

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholders**") shall at all times have the right, by a written requisition signed by the Eligible Shareholders concerned (the "**Requisition**"), to require the Board to convene an extraordinary general meeting, and to put any resolution so requisitioned to vote at such extraordinary general meeting.

Eligible Shareholders who wish to requisition the Board to convene an extraordinary general meeting for the purpose of proposing a resolution at the extraordinary general meeting must deposit the Requisition at the principal place of business of the Company in Hong Kong at Unit 603, 6/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong, for the attention of the Company Secretary.

The Requisition must state clearly the names of the Eligible Shareholders concerned, specify the objects of the meeting, and be signed by the Eligible Shareholders concerned. The Eligible Shareholders must prove their shareholdings in the Company to the satisfaction of the Company.

The Company will check the Requisition and the identities of the Eligible Shareholders and the shareholdings of the Eligible Shareholders will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order and in compliance with the Memorandum and Articles of Association, the Board will within 21 days of the date of deposit of the Requisition formally convene an extraordinary general meeting to be held within two months of the date of deposit of the Requisition for the purpose of putting any resolution(s) proposed by the Eligible Shareholders to vote at such extraordinary general meeting. However, if the Requisition has been verified as not in order and not in compliance with the Memorandum and Articles of Association, the Eligible Shareholders concerned will be advised of this outcome and accordingly, the Board will not convene an extraordinary general meeting and will not put any resolution(s) proposed by the Eligible Shareholders to vote at any such extraordinary general meeting or any other general meeting of the Company.

If within 21 days of the date of deposit of the Requisition, the Board has not advised the Eligible Shareholders that the Requisition is not in order and not in compliance with the Memorandum and Articles of Association, and the Board has failed to proceed to convene an extraordinary general meeting, the Eligible Shareholders himself or themselves may proceed to convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Board in accordance with the Memorandum and Articles of Association. All reasonable expenses incurred by the Eligible Shareholders concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholders concerned by the Company.

INVESTOR RELATIONS

The Company has adopted a Shareholders' communication policy on 27 June 2016 reflecting mostly the current practices of the Company for the communication with the Shareholders. Information will be communicated to Shareholders through:

- The annual Shareholders' meetings and other Shareholders' meetings of the Company are the primary forum for communication by the Company with the Shareholders and for Shareholder participation.
- The Company encourages and supports Shareholder participation in Shareholders' meetings. Shareholders are encouraged to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend such meetings.
- Mechanisms for enabling Shareholder participation will be reviewed on a regular basis by the Board to encourage the highest level of participation.

Chairman of the Board, appropriate members of the Board committees and the external auditor of the Company will attend the annual Shareholders' meetings to answer questions from the Shareholders.

WHISTLEBLOWING POLICY

The Company has adopted a whistleblowing policy on 27 June 2016 to facilitate the achieving of highest possible standards of openness, probity and accountability. Procedures and system are formulated for employees of the Company and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity to the Audit Committee or to the designated senior officer. The Audit Committee has overall responsibility for this policy, but has delegated day-to-day responsibility for overseeing and implementing it to the designated senior officer: Company Secretary. Responsibility for monitoring and reviewing the operation of the policy and any recommendations for action resulting from investigation into complaints lies with the Audit Committee. During the Reporting Period, no incident of fraud or misconduct was reported from employees of the Company that have material effect on the Group's financial statements and overall operations.

ANTI-CORRUPTION POLICY

The Company has adopted an anti-corruption policy to promote and support the anti-corruption laws and regulations. The Audit Committee has overall responsibility for this policy, but has delegated day-to-day responsibility for overseeing and implementing it to the designated senior management. Responsibility for monitoring and reviewing the operation of the policy and any recommendations for action resulting from investigation into complaints lies with the Audit Committee. During the Reporting Period, no incident was reported from employees of the Company.

INSIDE INFORMATION

The Company regulates the handling and dissemination of inside information as set out in the corporate governance policy to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

CONSTITUTIONAL DOCUMENTS

The Memorandum and Articles of Association was adopted on 27 June 2016 and was replaced by the Second Amended and Restated Memorandum and Articles of Association adopted by a special resolution passed on 2 June 2022. The Second Amended and Restated Memorandum and Articles of Association has updated to reflect to the latest requirement of the latest amendments to the Listing Rules. Details of the changes in the Memorandum and Articles of Association can refer to the Company's circular of annual general meeting dated 25 April 2022. The constitutional documents (amended from time to time) are available on the websites of the Company and the Stock Exchange.

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 Reporting Period and no incident of non-compliance by the Directors was noted by the Company throughout the Reporting Period.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledged their responsibilities for preparation of the consolidated financial statements for the financial year ended 31 December 2024 which give a true and fair view of the state of affairs of the Group at that date and of the Group's results and cash flows for the year ended 31 December 2024 and are properly prepared on a going concern basis in accordance with the applicable statutory requirements and accounting standards.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" contained in this annual report.

FINANCIAL REPORTING

The Directors acknowledge their responsibility for preparing the financial statements which give a true and fair view and are in compliance with HKFRS Accounting Standards, statutory requirements and other regulatory requirements. As at 31 December 2024, the Board was aware of the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. The Board endeavours to ensure a balanced, clear and understandable assessment of the Group's performance, position and prospects in financial reporting.

A statement by the auditor about their reporting responsibilities is set out on pages 64 and 65 of this annual report. There is a material uncertainty relating to conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Details of these conditions are set out in note 3 to the consolidated financial statements.

GOVERNANCE STRUCTURE

The Group is pleased to present the Environmental, Social and Governance ("**ESG**") Report for the year ended 31 December 2024. The Group puts the sustainable development of its business as the top priority of its long-term development goals, and incorporate environmental, social and governance elements into its long-term business strategic planning. The Board has overall responsibility to oversee, manage and monitor the Group's ESG strategy and reporting and devoted to integrate the ideas of environmental and social responsibility into the Group's operation and management activities.

The Board has communicated with the business manager of each business unit to ensure every unit understand the goal and direction to integrate the ideas of environmental and social responsibility into the Group's operation; the business manager may from time to time to introduce different measures or suggestions to the Board and the Board will review, approve and evaluate the measure and effectiveness accordingly.

Looking ahead, the Board will continue to review and monitor the environmental, social and corporate governance performance of the Group and provide material, reliable, consistent and comparable environmental, social and corporate governance information to its stakeholders for making contributions to create a better environment.

ABOUT THIS REPORT

This ESG Report is prepared pursuant to the ESG Reporting Guide provided in Appendix 27 to the Listing Rules on the Stock Exchange. This report discloses information on the Group's ESG management approach, strategy, priorities, objectives, compliance with the relevant laws and regulations and our performance for the year ended 31 December 2024 to increase stakeholders' understanding on the Group.

The Board confirms that they have the responsibility to ensure the integrity of this ESG Report, and to their best knowledge, the ESG Report expounds all relevant important issues and fairly presents the ESG performance of the Group. This Report was reviewed and approved by the Board of Directors on 28 March 2025.

The Group respects your view on the Report. Should you have any opinions or suggestions, you are welcome to share with the Group at Unit 603, 6/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.

REPORTING PRINCIPLES

The basis of reporting principles – materiality, quantitative and consistency:

- "Materiality" Principle: The Group determines material ESG issues by stakeholder engagement and materiality assessment. Please refer to the Stakeholder Engagement Section for the significant stakeholders identified.
- "Quantitative" Principle: Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.
- "Consistency" Principle: The Report will use consistent methodologies for meaningful comparisons in the past years unless improvements in methodology are identified.

REPORTING BOUNDARIES

The Company is principally engaged in property development; property investment for sale, rental or capital appreciation in Hong Kong and South Korea; provision of property management and security services; construction and fitting out works; provision of finance; wine business which includes operation of wine cellar and trading of fine wine; and provision of media production services in Hong Kong. The various lifestyle businesses are operating under the brand name of "Metropolitan". The ESG Report covers mainly the ESG performance of the business activities in Hong Kong which is the area represent the majority of Group's ESG impacts.

We are committed to improving internal data collection procedures. If the scope and boundaries of the specific contents vary, we will explain in the relevant section of the ESG Report.

STAKEHOLDERS ENGAGEMENT

The Group believes that effective feedback from stakeholders contributes to ESG performance. The Group has engaged in regular and open communication with its stakeholder groups including employees, investors and shareholders, contractors, customers, government and the wider community.

Stakeholders	Engagement Channels
Shareholders and investors	Company website, general meeting, financial reports, announcement and circulars;
Employees	Direct engagement and discussion, meeting, performance review and appraisals, trainings, seminars and briefing sessions;
Contractors	Meetings or site inspections, work reviews; procurement manager;
Customers	Direct engagement, feedbacks from agents, company website;
Government/Regulators	Email, telephone or written correspondence, government website;
The Public	ESG Reports

A. ENVIRONMENTAL

The Group believes that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in society. We recognize our responsibility of minimizing the pollution and potential nuisance to the neighborhoods of our development projects. The measures we adopted including conducting environmental assessments on our property construction projects and selecting construction contractors who have good environmental protection and safety track records and requiring them to comply with the relevant laws and regulations on the environmental protection and safely.

The Group believes the most effective way to save energy is making it our daily habit. Our Green Office Programme is introduced to encourage our staffs be environmental friendly whenever or wherever we can:

- Take the most efficient travelling method.
- "Switch-off" all idle electrical appliances and lightings; encouraging employees to switch off (or onto energy-saving mode) computers, monitors and other electrical appliances when they are not in use.
- Optimize use of natural light in offices and maintain the office temperature at 25 degree Celsius, which reduce the usage of excess electricity energy for lighting and air-conditioning.
- Promote paperless environment by encouraging the use of electronic copy and minimize the use of paper by encouraging double side printing and use of recycled paper.

1. EMISSION – MEASURES TO REDUCE CARBON EMISSION INCLUDE:

The Group outsourced the construction work to independent contractors; the Group's business does not have direct significant greenhouse gas emissions. The major emissions of the Group are resulting from consuming electricity at the workplace, vehicles and business travels by employees.

The Company is committed to protect the environment. In order to minimize environmental impacts of our business activities, we shall comply with applicable legal and other requirements in the environmental aspects; minimize pollution, reduce waste and prevent unnecessary consumption of resources; encourage staffs to optimize resources to minimize the impact on the environment and natural resources and encourage environmental protection activities amongst suppliers, vendors and subcontractors.

Air and Greenhouse Gas (the "GHG") Emission

During the year ended 31 December 2024, the Group rents one private motor vehicle that runs on petrol gas. A total of approximately 4,340 litres (for the year ended 31 December 2023: 5,165.66 litres) of petrol was used for the motor vehicle.

Sewage Discharge/Waste Management

We did not consume significant volume of water which, in turn, did not discharge a lot of water wastage. The discharge into water and land, and generation of hazardous and non-hazardous waste during our course of operations is minimal.

Regulatory compliance

During the year under review, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

2. USE OF RESOURCES

We have undertaken various recourse saving measures as mentioned in the guidelines of our Green Office Programme to demonstrate our efforts in efficient use of resources in our daily operations. The Group has incorporated energy saving equipment in the office such as installation of sensor in the office area to avoid wasting electricity and adoption of multi-function photocopiers (with printing, scanning and fax functions) that meet energy efficiency specification to reduce energy consumption.

Electricity consumed by the Group's office in its normal business operation is supplied by HK Electric Limited. The electricity consumption by the Group at its office was approximately 20,394 kWh (for the year ended 31 December 2023: 22,075 kWh), producing CO_2 equivalent emissions of approximately 13,460 kgCO_2/kWh (for the year ended 31 December 2023: 15,011 kgCO_2/kWh) and an energy consumption intensity of approximately 5.10 kWh per square feet (for the year ended 31 December 2023: 5.52 kWh per square feet) during the year ended 31 December 2024.

The Group is operating co-working space business and storage business after the acquisition of Metropolitan brand on 22 October 2020. The electricity consumption by the operation of co-working space business and storage business is shown in the following table.

Electricity consumption in the co-working space business is supplied by HK Electric except Yuen Long and Kwai Chung sites whose electricity is supplied by CLP Power Hong Kong Limited. The carbon emission shown in the following table is calculated based on 0.66 kg CO_2-e of carbon emissions per unit for the year ended 31 December 2024 according to the information available in HK Electric's website and 0.38 kg CO_2e/kWh, according to the carbon intensity for the year 2024 disclosed in the sustainability report of CLP for 2024.

Co-working space sites	Wong Chuk Hang	Central 1	Central 2	Wan Chai	Admiralty	Tin Hau	Yuen Long	Kwai Chung
For the year ended 31 December 2024								
Total Unit	51,135	17,393	19,134	–	40,787	65,355	38,691	127,198
Carbon Emissions	33,749	11,479	12,628	–	26,919	43,134	14,703	170,783
	Note 2	*Note 2*	*Note 2*	*Note 2*	*Note 2*	*Note 2*	*Note 1*	*Note 1*
For the year ended 31 December 2023								
Total Unit	53,760	17,511	20,915	17,192	44,149	56,686	62,322	124,803
Carbon Emissions	36,557	11,907	14,222	11,691	30,021	38,546	24,306	48,673
	Note 4	*Note 4*	*Note 4*	*Note 4*	*Note 4*	*Note 4*	*Note 3*	*Note 3*

Electricity consumption in the storage business is supplied by HK Electric for the Chai Wan sites and is supplied by CLP Power Hong Kong Limited for the remaining sites. Please refer to the notes for the relevant calculation basis of carbon emission.

Storage sites	Chai Wan 2	Chai Wan 3	Chai Wan 4	Kwai Chung 1	Kwai Chung 2	Lai Chi Kwok 1	San Po Kong
For the year ended 31 Dec 2024							
Total Unit (units)	29,199	67,278	47,737	61,308	20,720	27,685	62,176
Carbon Emissions (kg CO_2e)	11,096	25,566	18,140	40,463	13,675	18,272	41,036
Note	*Note 2*	*Note 2*	*Note 2*	*Note 1*	*Note 1*	*Note 1*	*Note 1*
For the year ended 31 Dec 2023							
Total Unit (units)	26,610	59,865	40,017	52,998	28,574	38,338	66,904
Carbon Emissions (kg CO_2e)	10,378	23,347	15,607	36,039	19,430	26,070	45,495
Note	*Note 4*	*Note 4*	*Note 4*	*Note 4*	*Note 3*	*Note 3*	*Note 3*

Storage sites	Fo Tan 2	Fo Tan 4	Fo Tan 5	Tai Po	Tsing Yi	Yeun Long 1	Yuen Long 2
For the year ended 31 Dec 2024							
Total Unit (units)	34,969	36,014	39,166	92,197	26,662	112,622	48,174
Carbon Emissions (kg CO_2e)	23,088	23,769	25,850	40,463	17,597	74,331	31,795
Note	*Note 1*	*Note 1*	*Note 1*	*Note 1*	*Note 1*	*Note 1*	*Note 1*
For the year ended 31 Dec 2023							
Total Unit (units)	36,796	41,825	39,843	110,081	25,487	118,201	30,107
Carbon Emissions (kg CO_2e)	25,021	28,441	27,093	74,855	17,331	80,377	20,473
Note	*Note 3*	*Note 3*	*Note 3*	*Note 3*	*Note 3*	*Note 3*	*Note 3*

Note 1: 2024 average CO_2e emission per unit of electricity billed is 0.38kg CO_2e/kWh, according to the Independent Practitioner's Limited Assurance Report issued by KPMG dated 24 February 2025 on CLP's sustainability report for 2024.

Note 2: 2024 average CO_2e emission per unit of electricity billed is 0.66kg CO_2e/kWh, according to the carbon intensity calculation available from the website of HK Electric.

Note 3: 2023 average CO_2e emission per unit of electricity billed is 0.39kg CO_2e/kWh, according to the carbon intensity for the year 2023 disclosed in CLP Information Kit.

Note 4: 2023 average CO_2e emission per unit of electricity billed is 0.68kg CO_2e/kWh, according to the carbon intensity.

3. THE ENVIRONMENTAL AND NATURAL RESOURCES

The Group's operational activities do not have significant impacts on the environment and natural resources, and the Company shall ensure compliance with all applicable environmental related legislations and regulations.

4. CLIMATES CHANGE

The Group's operational activities do not have significant impacts on or by the climate-related issues.

B. SOCIAL ASPECT

1. EMPLOYMENT AND LABOUR PRACTICES

The Group offer competitive remuneration packages to our employees, with discretionary bonuses issued based on individual performance and our business performance.

Our human resources practices are established to align with the applicable laws and regulations with regard to recruitment, compensation and dismissal, other benefits and welfare, promotion, working hours, equal opportunities, diversity and anti-discrimination. The Group embraces diversity and provides employees with equal opportunity. Employees are assessed and hired based on their capabilities, regardless of their age, gender, nationality, cultural background, religious belief, etc. During the financial year ended 31 December 2024, the Group complied with Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and other labour related laws and regulations.

Employment

As at 31 December 2024, the Group employed 116 employees (31 December 2023: 133 employees) and appointed 7 Directors (31 December 2023: 7 Directors) in Hong Kong and South Korea. Among all, 56.9% is female and 43.1% is male; most of the employees are under full time contracts, except there was 6% of employees are relievers; 10.3% is under 30 years old; 32.8% is between 30 to 50 years old; 56.9% is above 50 years old; 95.0% is from Hong Kong and stationed in Hong Kong and 5.0% is Korean stationed in South Korea.

Employment Turnover

During the year ended 31 December 2024, the Group's overall employment turnover rate was approximately 33%. The breakdown by gender is 51.2% male and 48.8% female. The breakdown by age group is 12.5% below 30 years old; 40.0% between 30 to 50 years old and 47.5% above 50 years old. The breakdown by geographic region is 98.0% in Hong Kong and 2.0% in South Korea.

2. HEALTH AND SAFETY

The Group is subject to the health and safety requirements of Hong Kong including, but not limited to, the Occupational Health and Safety Ordinance and the Factories and Industrial undertakings Ordinance. The Group The Group's liability to the employees is covered by insurance, which are required by law to take out. During the year ended 31 December 2024, the Group was not aware of any gross violations of relevant laws and regulations relating to the significant impacts of the provision of safe working environment and protection of employees. In addition, no substantial fines or sanction for such non-compliance was imposed on the Group in the year ended 31 December 2024.

The Group extends the protection to our clients of co-working offices by installation of the energy-saving disinfecting radiator, Aairpurion 90, works its UV magic to keep our common areas safe and clean. The German-made devices are installed in some of the Group's co-working offices.

The Group does not have an insurable interest in relation to the employees of the contractors. The contractors are required by law to take out insurance which covers their liabilities to their employees. However, our strict quality control measures require our contractors to comply with the relevant rules and regulations including environmental, labour, social and safety regulations to minimize our risks and liabilities.

The number of work-related fatalities occurred in each of the past three years ended 31 December 2024 was zero. The lost days due to work injury was zero for the year ended 31 December 2024.

3. DEVELOPMENT AND TRAINING

To help nurture professional talents and to promote overall efficiency, increase the morale and loyalty of the employees, the Group provides on-the-job training, professional membership reimbursements and assists our employees in completing the mandatory basic safety training courses and fulfilling the continuous professional training hour requirement. Our employees are also encouraged to pursue work-related advanced studies and attend seminars and workshops to hone their skills.

The Group provided below training courses to its employees for the year ended 31 December 2024:

Training courses	Department/Employees
Orientation for new employees	All new employees
MemDB System Training	Accounting Department Staffs
HR System Training	HR Department Staffs
Wine Trading System Training	Accounting Staffs and Information Department Staffs
Security Training	All security Staffs
Customer Services Training	All property management Staffs
Municipal Solid Waste charging scheme	All property management Staffs
Property Management Training	All property management Staffs
Occupational Safety and Health Management	All property management Staffs
Sales System Training	All Sales and marketing Staffs

During the year ended 31 December 2024, the percentages of employees (includes those terminates left during the year) taken any training are listed as follow, the training hours completed by employee was ranged from 1 hour to 15 hours depends on their job requirement:

Overall	49.50%
By gender	
– Male	44.0%
– Female	56.0%
By Level	
– Top Management	19.2%
– Middle Level	30.6%
– General Staff	50.2％

4. LABOUR STANDARDS

The Group is committed to protecting human rights. We have zero tolerance on forced labour, child labour, or illegal immigrant labour. The Group complies with all relevant laws and regulations towards the use of forced labor and child labor in our business operations.

Our human resources manager is responsible for screening out any suspicious candidates during recruitment process. In order to avoid any violation in the project development sites, our project development department also inspected regularly on construction sites to eliminate any chance on illegal employment. The Group aims not to be directly or indirectly complicit in human rights abuses and to ensure that all work that is performed on our behalf is in compliance with all relevant labor laws and regulations.

5. SUPPLY CHAIN MANAGEMENT

Property Development

The Group outsourced different parts of the construction work to qualified general construction contractors for. These contractors are registered licensed building contractor certified by the Buildings Department. Contractors are selected based on the project size, capability, contractors' qualification and relevant experience. The Group would also take into account the reputation of the contractors for reliability, quality and safety, price quotations, level of experience, technical capabilities, industry reputation and the references provided in the selection process. The Group requires our contractors to comply with the relevant rules and regulations including environmental, labour, social and safety regulations to minimize our risks and liabilities. The project development department monitors cost control and construction progress closely during construction with periodic on-site supervision and stringent quality control procedures.

For Property Development business, all suppliers are employed in Hong Kong for Hong Kong projects.

Wine Trading Business

Our fine wine trading business has over 10 years operation; we have maintained a long-term co-operating suppliers list. We sources wines internationally and locally base on the customers' needs and our business plan and consider if we should purchase wines from existing suppliers or identify any new suppliers. The suppliers' reputation and scale will be the main factors when we look for new supplier. We may also source broking stocks for clients locally.

For the wine trading business, we have 140 suppliers from Hong Kong; 41 from France; 4 from UK; and 4 from different countries for the year ended 31 December 2024.

Other Business Segments

The Group conducts wine cellar; workshop, storage, apartment business in Hong Kong. Due to the nature of the business, all of the suppliers are from Hong Kong.

6. PRODUCT RESPONSIBILITY

The Group places great emphasis on the quality control of the construction of our properties, including the procurement of construction materials, materials for external finishes, interior finishes and interior fittings, and appliances for our property development projects, to ensure compliance with our quality standard. The Group places emphasis on project supervision to ensure that our project development projects meet our quality standards and comply with the relevant laws and regulations.

Metropolitan Wine Cellar is certified to Wine Storage Management System (WSMS) by Hong Kong Quality Assurance Agency, HKQAA Fine Wine Storage Facilities Certificate.

The certification process follows a well-proven and internationally recognized methodology that gives an objective and impartial attestation of the ability of management systems to deliver wine storage, transportation, and retail services that fulfill good management practices accepted by wine industry experts.

It ensures that good industry standards are applied, improving the competitive edge of the industry, which will ultimately benefit consumers and wine collectors.

Quality control starts with the selection of qualified construction contractors. Most of our major contractors engaged by us had industry accreditations such as ISO 9001, ISO 14001 and/or OHSAS 18001. The Group inspects and reviews the qualification and performances of the contractors regularly to ensure they are performing up to our standards and in compliance with the laws and regulations.

Our project development department conducts pre-qualification checks on the construction companies and periodically reviews the suitability to entrust them with our construction works mostly based on our past experience in doing business with them. Further, it is the responsibility of our contractors to procure construction materials, such as materials for external finishes, interior finishes and interior fittings, and appliances for our property development projects. They are required to procure, inspect or test any goods or materials to ensure they meet our requirements and specifications in accordance with relevant laws, codes of practice and requirements of the relevant government authorities, for example, the contractors are required to arrange testing of sample of concrete at laboratories, and submit the test report to the government for approval; for other materials such as iron and steel, the contractors are required furnish us information such as the origin and mill certificates of the material, and the relevant QC production certificates, especially for prefabricated building units, to ensure that the quality complies with our requirement, and all raw materials types, standards, quality must also meet with the satisfaction of our appointed architects and engineering consultants for these building projects.

On site supervision of works is another key in quality control of our building projects. Our consultants' site resident engineers and the architects' clerk of works conduct periodic quality checks on the building materials and workmanship on site to ensure they are strictly in compliance with the relevant codes of practices and standards stipulated in the contract specifications. Our consultants also monitor the on-site progress, conduct regular site safety and environmental checks of our construction sites and they submit regular monthly progress reports to our project development department.

As an environmentally responsible company, the Group ensures that all of building projects are BEAM Plus rated, so that they are environmentally friendly in areas like: (a) material aspects in terms of selection of sustainable material and waste management; (b) site aspects in terms of air pollution, noise pollution and water pollution during construction; (c) energy aspects in terms of reduction of carbon dioxide emission and energy efficiency; (d) water quality aspects in terms of minimum water saving performance; and (e) indoor air quality aspects. Our company appoints our sourced green building consultants to prepare green building plans at the outset of our property development for each project and they supervise and carry out site inspections to ensure the green building practice is properly implemented on site.

As part of our quality control policy, we would also require each of our purchasers to acknowledge and sign on a property handover form, confirming that the purchaser has received and is satisfied with the building unit he/she has bought, together with items ancillary to the unit, such as keys, fitting and fixtures. We provide comprehensive after-sale services including handling customer complaints and supervising the repair and ongoing maintenance of the property developed. The Group also requires the contractors to provide a defect liability period, which normally lasts for one year upon completion, during which any defects of the property reported by the property manager and customers will be forwarded to the main contractor for following up and rectification with no additional costs to the purchasers.

During the year ended 31 December 2024, the Group was not aware of any incidents of non-compliance with relevant laws and regulations that have a significant impact on the issue relating to health and safety, advertising, labelling and privacy matters relating to products provided and methods of redress.

Product safety and health

The Group's products are mainly property units, fine wines and there is nil recall for safety and health reasons. We treasure the client's feedback on our developed properties and fine wines, we provide after-sales follow up to ensure the delivered property units and fine wines aligned with the delivery standard.

Intellectual Property Rights

The Group has applied relevant trademarks and domains to protect our intellectual property rights.

Product Return and Recall Policy, Customer Complaint Handling

The Group maintains the usual high quality of our products, if customers have any compliant or comments to the quality of our products, they may contact our sales team and we would arrange to handle the issues in accordance with the terms written in the sales contracts.

Protecting Customer's Privacy

We respect customers' privacy and had implemented measures to protect it. Our staff was well trained to handle materials containing sensitive information of our customers. Firewall and antivirus solutions were installed in our information technology infrastructure to help protect customers' information.

7. ANTI-CORRUPTION

The Group adheres to stringent anti-corruption policies as stated in the Group's Office Manual that includes Integrity of Business Practices, ethical standard, conflicts of interest, breach of conduct, handling of confidential information and legal requirement on prevention of bribery and against corruption.

The Group has adopted best practices with respect to whistle-blowing. Details of our whistle-blowing policy and procedures are published on our Company website.

The Group circulates anti-corruption training materials or updates to all employees from time to time. No cases of corruption were reported within the Group during the year ended 31 December 2024.

During the reporting period, the Group complied with the relevant laws and regulations regarding anti-corruption and money laundering.

8. COMMUNITY INVESTMENT

The Group targets to dedicate itself to take up its corporate social responsibility for the communities where it is present. As a responsible global citizen, the Group is committed to improving social image and social responsibilities through community investment. All employees of the Group are encouraged to take the initiative to help and support local communities and neighbourhood.

The focus areas of contribution from the Group are environmental concerns, labour needs and health and entrepreneurship in young adults in following ways:

(1) Environmental concerns: the Group has introduce Green Office policy to encourage environmental friendly attitudes;
(2) Labour Needs and Health: the Group has introduced birthday leave to give the staff a half day off in their birthdays to encourage work-life balance;
(3) Entrepreneurship in young adults: the Group has focused on supporting young people in Hong Kong to pursue their passions and dreams as part of our corporate social responsibilities by investing into the funds that shared the same concept; and
(4) Social caring: the Group has introduced a community services leave to encourage its employees to participate in serving the society.

The Board presents their report and the audited consolidated financial statements of the Group for the year ended 31 December 2024 (the "**Reporting Period**").

PRINCIPAL ACTIVITIES

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; wine business which includes operation of wine cellar and trading of fine wine; and provision of media production services. The various lifestyle businesses are operating under the brand name of "Metropolitan". Besides, the Group is also engaged in fund investment and fund management during the Reporting Period. Details of which are set out in "Management Discussion and Analysis" and note 7 of the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

BUSINESS REVIEW

Discussion and analysis of the Group's business as required by Schedule 5 of the Companies Ordinance and A.1.2 of Corporate Governance Code in Appendix 14 the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), including a fair review of the Group's business; a description of the principal risks and uncertainties facing by the Group; analysis using financial key performance indicators; particulars of important events affecting the Group and an indication of likely future developments and long term business strategy in the Group's business, are included in the "Chairman's Statement" and "Management Discussion and Analysis" set out in this annual report on page 4 and page 5 to page 14, respectively. The discussion and analysis form part of this Report of the Directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group endeavors to attain long-term sustainable development by addressing social, governance and environmental risks and benefits into our business decision-making and into the inception, design, construction, occupation, demolition and revitalization phases of our development projects. The Group works closely with our consultants and contractors to achieve innovative and elegant designs while being compatible and sensitive to our environmental and social responsibilities. The construction-related work for our property development projects are outsourced to independent construction companies who are subject to various environmental laws and regulations, including those relating to waste disposal, water pollution control, air pollution control, drainage control and noise control.

The Group has taken measures to promote environmental-friendliness of the workplace by encouraging green office culture through paper recycling culture, water conservation measures and energy-saving culture within the Group to reduce the impact of operations on the environment and natural resources. More details can be found in the section headed "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

As far as the Board is concerned, the Group has complied in material aspects in the relevant applicable laws and regulations that have a significant impact on the businesses and operations of the Group during the Reporting Period.

RELATIONSHIP WITH EMPLOYEE, CUSTOMERS AND SUPPLIERS

The remuneration of employees of the Group will be based on their performance, experience and the prevailing market remuneration. The total remuneration of employees includes basic salaries and discretionary bonus. Moreover, the Group has also adopted a share option scheme. The remuneration policy of the Directors are reviewed and determined by the remuneration committee of the Company having regard to the Directors' experience, responsibilities, workload and time devoted to the Group and performance of the Group.

Major customers of the Group are purchasers. The Group strives to develop and deliver high quality property units with innovative and elegant designs to our customers in general. In order to realize the Group's pledge of enhancing customer satisfaction persistently, the Group has assured to adopt the best concepts and the best quality of products in development projects.

The major service providers of the Group are contractors, architectural firms, law firm, and consultancy services provider. The Group has good cooperation relationship with suppliers in general, and strategic cooperation agreements have been signed with a number of high quality suppliers for the realization of higher quality in construction work and materials supplied. The Group will uphold the win-win principle to achieve joint developments with suppliers in general.

RESULTS

The results of the Group for the Reporting Period and the Group's the financial position at that date are set out on pages 66 to 69 of this annual report. The summary of the result and the assets and liabilities of the Group for the last five financial years are also set out on page 156 in this annual report.

DIVIDENDS

The Board does not recommend the payment of final dividend for the Reporting Period (2023: Nil). During the Reporting Period, the Board did not declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

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 Listing Rules on the Stock Exchange 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.

BORROWING FACILITIES

Particulars of the borrowing facilities of the Group as at 31 December 2024 are set out in note 30 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES AND PROPERTIES HELD FOR SALE

Details of investment properties and properties held for sale of the Group as at 31 December 2024 are set out in notes 17 and 24 to the consolidated financial statements, respectively.

SHARE CAPITAL

Particular of the movements in share capital of the Company during the Reporting Period are set out in note 32 to the consolidated financial statements.

RESERVES

The movements in reserves of the Group and the Company during the Reporting Period are presented in the consolidated statement of changes in equity on page 70 and in note 41 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company's reserves available for cash distribution and/or distribution in specie, computed in accordance with the Companies Law of Cayman Islands, amounted to approximately HK$63.6 million (2023: HK$363.1 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the largest supplier and the top five largest suppliers accounted for approximately 2.7% and 4.9% of our total cost incurred of the Group during the Reporting Period, respectively. Our top five suppliers comprised contractors, home appliances supplier, and architectural firm and consultancy service providers. The aggregate amount of revenue attributable to the Group's five largest customers represented less than 30% of the Group's total revenue for the year.

None of the Directors or any of their associates or any shareholders of the Company (the "**Shareholders**") (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

EQUITY-LINKED AGREEMENTS

For the Reporting Period, the Company has not entered into any equity-linked agreement, and there did not subsist any equity-linked agreement entered into by the Company as at 31 December 2024.

MANAGEMENT CONTRACTS

No contracts concerning to the management and administration of the whole or any substantial part of any business of the Group were entered into or existed during the Reporting Period.

DIRECTORS

The Directors who held office during the Reporting Period and up to the date of this annual report were:

Executive Directors:
Mr. Chan Man Fai Joe
Ms. Cheung Wai Shuen

Non-executive Directors:
Mr. Yim Kwok Man
Mr. Tsui Wing Tak

Independent non-executive Directors:
Dr. Wong Wai Kong
Mr. Lee Chung Ming Eric
Ms. Chan Wah Man Carman

In accordance with article 111 of Articles of Association, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall be subject to retirement by rotation pursuant to article 108.

In accordance with article 108 of Articles of Association, at each annual general meeting one-third of the Directors for the time being or, if their number is not three or a multiple of three, the number nearest to one-third will retire from the office. The retiring Directors will be eligible for re-election. Accordingly, Mr. Chan Man Fai Joe, Mr. Tsui Wing Tak and Ms. Chan Wah Man Carman shall retire at the forthcoming AGM and, being eligible, have offered themselves for re-election.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

As at the date of this annual report, biographical details of the Directors and senior management of the Group are set out on pages from 15 to 18 of this annual report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received confirmation from each of the INEDs as regards their independence to the Company for the Reporting Period pursuant to Rule 3.13 of the Listing Rules and considers that each of the INEDs is independent to the Company.

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

As at 31 December 2024, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(A) LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES AS AT 31 DECEMBER 2024

Name of Directors/ chief executive	Number of Shares held (Beneficial owner/through controlled corporation)	Interests in share option *(Note 2)*	Other derivative interests in listed corporation	Total	Approximately percentage of shareholding in the Company *(Note 4)*
Mr. Chan Man Fai Joe	440,710,800 *(Note 1)*	10,000,000	836,000,000 *(Note 3)*	1,286,710,800	200.58%
Ms. Cheung Wai Shuen	300,000	2,300,000	–	2,600,000	0.41%
Mr. Yim Kwok Man	–	1,070,400	–	1,070,400	0.17%
Ms. Chan Wah Man Carman	156,000	1,070,400	–	1,226,400	0.19%
Mr. Lee Chung Ming Eric	–	1,070,400	–	1,070,400	0.17%
Dr. Wong Wai Kong	–	600,000	–	600,000	0.09%

Notes:

1. *Star Properties Holdings (BVI) Limited is the registered or beneficial owner of 432,140,800 ordinary shares. Star Properties Holdings (BVI) Limited is wholly-owned by Mr. Chan Man Fai Joe. By virtue of the SFO, Mr. Chan Man Fai Joe is deemed to be interested in the shares in which Star Properties Holdings (BVI) Limited is interested.*

2. *These represent the interests of share options granted to the Directors under the share option scheme adopted by the Company on 27 June 2016 to subscribe for shares.*

3. *Metropolitan Lifestyle (BVI) Limited is interested in 836,000,000 shares by virtue of the convertible bonds issued by the Company on 22 October 2020. Metropolitan Lifestyle (BVI) Limited is indirectly held as to 100% by Mr. Chan Man Fai Joe. By virtue of the SFO, Mr. Chan Man Fai Joe is deemed to be interested in the shares in which Metropolitan Lifestyle (BVI) Limited is interested.*

4. *These percentages were compiled based on the total number of issued shares (i.e. 641,498,000 shares) at 31 December 2024.*

(B) LONG POSITIONS IN THE DEBENTURES AS AT 31 DECEMBER 2024

Name of Directors/ chief executive	Amount of debentures Personal Interests	Family Interests	Corporation Interests	Total	Approximately percentage to the total amount of debentures in issued
Mr. Chan Man Fai Joe	–	–	HK$418,000,000 *(Note 1)*	HK$418,000,000	100%

Note:

1. *The convertible bonds issued on 22 October 2020 to Metropolitan Lifestyle (BVI) Limited, which is indirectly held as to 100% by Mr. Chan Man Fai Joe.*

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, so far as our Directors are aware, the following persons (other than the Directors and the chief executive of the Company) had interests of short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES AS AT 31 DECEMBER 2024

Name of Shareholders	Capacity	Number of Shares	Interest in share option	Approximate percentage of shareholding in the Company *(Note 4)*
Star Properties Holdings (BVI) Limited	Beneficial owner *(Note 1)*	432,140,800	–	67.36%
Mr. Lam Kin Kok	Beneficial owner	39,649,200	–	6.18%
Metropolitan Lifestyle (BVI) Limited	Beneficial owner *(Note 2)*	836,000,000	–	130.32%

Notes:

1. *Star Properties Holdings (BVI) Limited is the registered or beneficial owner of 432,140,800 ordinary shares. Star Properties Holdings (BVI) Limited is wholly-owned by Mr. Chan Man Fai Joe. By virtue of the SFO, Mr. Chan Man Fai Joe is deemed to be interested in the shares in which Star Properties Holdings (BVI) Limited is interested.*

2. *Metropolitan Lifestyle (BVI) Limited is the interested in 836,000,000 shares by virtue of the convertible bonds issued by the Company on 22 October 2020. Metropolitan Lifestyle (BVI) Limited is indirectly held as to 100% by Mr. Chan Man Fai Joe. By virtue of the SFO, Mr. Chan Man Fai Joe is deemed to be interested in the shares in which Metropolitan Lifestyle (BVI) Limited is interested.*

3. *These percentages were compiled based on the total number of issued shares (i.e. 641,498,000 shares) at 31 December 2024.*

4. *All the interests stated above represent long positions.*

As at 31 December 2024, so far as the Directors are aware, no person had interests of short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

The Company has entered into service contracts with each of the executive Directors and a letter of appointment with each of the NEDs and INEDs, major terms of which include that (1) the tenure of each Director shall continue till the expiration of the term of the current session of the Board; and (2) the tenure may be terminated in accordance with respective terms of the contract. The service contracts may be renewed under the Articles of Association and applicable rules.

Save as disclosed above, none of the Directors has entered into a contract of service with the Company which is not determinable by the Company within one year without payment of compensation, other than statuary compensation.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS, TRANSACTIONS AND ARRANGEMENTS

Save as disclosed in notes 29, 31 and 39 to the consolidated financial statements, none of the Directors had any direct or indirect material interest in any significant contract, transaction and arrangement with the Group during the Reporting Period and at the date of this annual report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the details disclosed under the section headed "Share Option Scheme" in this annual report, at no time during the Reporting Period, none of the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company, including their spouses and children under 18 years of age, to acquire benefits by means of the acquisition of shares in, or debentures of the Company or its associated corporations, within the meaning of Part XV of the SFO.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDER

Mr. Chan Man Fai Joe, the controlling shareholder of the Company, had entered into a Deed of non-competition in favour of the Company on 27 June 2016. Mr. Chan Man Fai Joe has confirmed in writing with the Company that he has complied with the undertakings under the Deed of non-competition during the Reporting Period. The INEDs have also reviewed such confirmation on the undertakings of the Deed of non-competition by Mr. Chan Man Fai Joe and evaluated the effectiveness of the implementation of the Deed of non-competition and confirmed that there was no breach of undertakings in the Deed of non-competition by Mr. Chan Man Fai Joe during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors are interested in any business apart from the Group's businesses which competes or is likely to compete, directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules during the Reporting Period and up to the date of this annual report.

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

In accordance with the continuing obligations set out in rule 13.21 of Chapter 13 of the Listing Rules, the following are the details of the loan agreement with covenants relating to specific performance on the controlling shareholders of the Company pursuant to rule 13.18 thereof. There exists no reporting obligation by the Company under rules 13.17 and 13.19 of the Listing Rules accordingly.

- On 27 November 2020, entered into a facility agreement with a bank for the general banking facilities of an revolving loan amount of HK$30,000,000. Pursuant to the terms of the facility agreement, Mr. Chan Man Fai Joe shall, directly or indirectly, maintain not less than 51% shareholding of the Company. As at the date of the loan agreement, Mr. Chan Man Fai Joe holds approximately 68.69% of the issued share capital of the Company.

- On 6 September 2022, Mark Wealthy Limited (an indirect wholly owned subsidiary of the Company), as the Borrower, entered into a facility agreement with a bank for revolving loan up to an aggregated amount of HK$40,000,000. Pursuant to the terms of the facility agreement, Mr. Chan Man Fai Joe shall, directly or indirectly, maintain not less than 60% shareholding of the Company. As at the date of the loan agreement, Mr. Chan Man Fai Joe holds approximately 68.69% of the issued share capital of the Company.

- On 9 November 2022, Autumn Creek (H.K.) Limited (an indirect wholly owned subsidiary of the Company) as the Borrower, entered into a facility agreement with a bank (the "**Bank**") for revolving loan up to an aggregated amount of HK$125,000,000. Pursuant to the terms of the facility agreement, Mr. Chan Man Fai Joe shall, directly or indirectly, maintain not less than 60% shareholding of the Company. As at the date of the loan agreement, Mr. Chan Man Fai Joe holds approximately 68.69% of the issued share capital of the Company.

As at 31 December 2024, the aggregate interest in the shares in the Company held by Mr. Chan Man Fai Joe, directly and indirectly, is 440,710,800 shares, representing approximately 68.70% of issued share capital of the Company.

SHARE OPTION SCHEME

The Company's share option scheme was conditionally adopted on 27 June 2016 (the "**Share Option Scheme**"). The purposes of the Share Option Scheme are to (1) recognise and acknowledge the contributions that Eligible Participants (as defined below) had made or may make to the Group; (2) provide the Eligible Participants with an opportunity to acquire proprietary interests in the Company with the view to motivate the Eligible Participants to optimise their performance and efficiency for the benefit of the Group and attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are, will or expected to be beneficial to the Group.

ELIGIBLE PARTICIPANTS

(a) Our Board may at its discretion grant options to: (i) any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("**Affiliate**"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially owned by any Director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

(b) In order for a person to satisfy the Board that he/she/it is qualified to be (or, where applicable, continues to qualify to be) an Eligible Participant, such person shall provide all such information as the Board may request for the purpose of assessing his/her/its eligibility (or continuing eligibility).

(c) Each grant of options to a connected person (as defined in the Listing Rules) of the Company, or any of his associates (as defined in the Listing Rules), must be approved in accordance with the requirements of the Listing Rules.

(d) Should the Board resolve that a grantee fails/has failed or otherwise is/has been unable to meet the continuing eligibility criteria under the Share Option Scheme, the Company would (subject to any relevant laws and regulations) be entitled to deem any outstanding option or part thereof, granted to such grantee and to the extent not already exercised, as lapsed, subject to certain requirement as stated in the Share Option Scheme.

TOTAL NUMBER OF SECURITIES AVAILABLE FOR ISSUE

Pursuant to Note 2 to Rule 17.03(3) of the Listing Rules and the rules of the Share Option Scheme, the maximum number of shares of the Company ("**Shares**") which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time.

The maximum number of Shares which can be awarded under the Share Option Scheme was 22,400,000 Shares, being 10% the total number of Shares in issue as at the Listing Date unless the Company obtains the approval of the shareholders in general meeting for refreshment. On 26 January 2021, the Company has passed at an extraordinary general meeting to grant 10,000,000 share options to Mr. Chan Man Fai Joe and to refresh its scheme mandate limit to 64,149,800 Shares (excluding share options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme), being 10% of the total number of Shares in issue as at the date of passing the resolution approving the proposed refreshment of scheme mandate limit at the extraordinary general meeting and granted.

As at 31 December 2024, the issued share capital of the Company is HK$6,414,980, divided into 641,498,000 Shares, all fully paid or credited as fully paid. The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme was 24,357,600 (31 December 2023: 30,257,600) and the remaining number of share options may be granted under the Share Option Scheme Mandate Limit was 38,799,800 (31 December 2023: 32,899,800). The total number of Shares available for issue under the Share Option Scheme is 63,157,400, which represented 9.85% of the Share in issue of the Company. The total number of Shares available for issue under the Share Option Scheme is 38,799,800, which represented 6.05% of the Share in issue of the Company as at the Date of this Annual Report.

MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and to be issued upon exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of the Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of share options in excess of this limit is subject to shareholders' approval in general meeting.

GRANT OF OPTIONS TO CONNECTED PERSONS

Any grant options to a substantial shareholder or any INEDs or their respective associates which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange at the date of each grant, such further grant of options shall be approved by our Shareholders in general meeting. The proposed grantee, his associates and all our core connected persons shall abstain from voting in favour at such general meeting.

TIME OF EXERCISE OF OPTION

Subject to certain restrictions contained in the Share Option Scheme, an option may be exercised in accordance with the terms of the Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than ten years from the date of grant of option. There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme.

However, at the time of granting any option, the Board may, on a case by case basis, make such grant subject to such conditions, restrictions or limitations including (without limitation) those in relation to the minimum period of the options to be held and/or the performance targets to be achieved as our Board may determine in its absolute discretion.

PERIOD OF THE SHARE OPTION SCHEME

Options may be granted to Eligible Participants under the Share Option Scheme during the period of ten years commencing on 27 June 2016, the effective date of the Share Option Scheme. Details of the Share Option Scheme are set out in section headed “Share Option Scheme”, in the Prospectus dated 30 June 2016.

ACCEPTANCE OF THE SHARE OPTION

A nominal consideration of HK$1.00 is payable on or before the last day for acceptance of the option by each grantee of the Share Option Scheme.

If the above has any contradictions with Chapter 17 of the Listing Rules, the Group shall follow the new rules and adopts the new Share Option Scheme.

BASIS FOR DETERMINATION OF THE EXERCISE PRICE

The exercise price for any share under the Share Option Scheme shall be a price determined by the Board and notified to each grantee (in the letter containing the offer of the grant of the option) and shall not be less than the highest of:

(a) the closing price of a share as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the relevant option, which must be a business day;

(b) an amount equivalent to the average closing price of a share as stated in the Stock Exchange’s daily quotations sheet for the 5 business days immediately preceding the date of grant of the relevant option; and

(c) the nominal value of a share on the date of grant.

THE REMAINING LIFE OF THE SCHEME

Approximately 2 years (expiring on 27 June 2026).

Subject to the rules of the Share Option Scheme, the share options are exercisable in the following manner:

Date of Grant	Total number of share option granted	Exercisable period	Exercise price
25 Jan 2017	26,107,200 *(Note 1)*	25 Jan 2018-12 Jul 2026	HK$0.98 *(Note 1)*
18 Oct 2018 *(Note 2)*	21,193,088	18 Oct 2018-17 Oct 2028	HK$0.75
23 Nov 2020 *(Note 2)*	32,950,000	23 Nov 2020-22 Nov 2030	HK$0.41
11 Dec 2020	10,000,000	26 Jan 2021-10 Dec 2030	HK$0.41
27 Jan 2021	27,250,000	27 Jan 2021-26 Jan 2031	HK$0.418

Notes:

1. *The number of outstanding share options and exercise price were adjusted as a result of the bonus issue of shares and open offer of shares of the Company on 19 May 2017 and 11 September 2017, respectively.*

2. *All of the granted share options were either exercised or lapsed or cancelled.*

During the Reporting Period, 5,900,000 share options granted under the refreshed Scheme Mandate Limit were lapsed; no share options granted under the previous Scheme Mandate Limit were lapsed (which cannot be added back to the Scheme Mandate Limit); and no share option has been exercised.

Detailed accounting policies adopted for the share options are described in note 4 and note 33 to the consolidated financial statements.

DETAILS OF THE MOVEMENTS IN THE COMPANY'S SHARE OPTIONS DURING THE YEAR ENDED 31 DECEMBER 2024 ARE SET OUT BELOW:

Name of category	Outstanding as at 1 January 2024	Granted during the year	Exercised during the year	Adjusted during the year	Cancelled during the year	Lapsed during the year	Outstanding as at 31 December 2024	Approximate percentage of the issued shares of the Company
Executive Directors								
Mr. Chan Man Fai Joe	10,000,000	–	–	–	–	–	10,000,000	1.56%
Ms. Cheung Wai Shuen	2,300,000	–	–	–	–	–	2,300,000	0.36%
Non-Executive Directors								
Mr. Yim Kwok Man	1,070,400	–	–	–	–	–	1,070,400	0.17%
Mr. Tsui Wing Tak	–	–	–	–	–	–	–	0.00%
Independent Non-Executive Directors								
Ms. Chan Wah Man Carman	1,070,400	–	–	–	–	–	1,070,400	0.17%
Mr. Lee Chung Ming Eric	1,070,400	–	–	–	–	–	1,070,400	0.17%
Dr. Wong Wai Kong	600,000	–	–	–	–	–	600,000	0.09%
Others								
Other Eligible Participants	14,146,400	–	–	–	–	(5,900,000)	8,246,400	1.29%
	30,257,600	–	–	–	–	(5,900,000)	24,357,600	

Note:

1. *These options represent personal interest held by the grantees as beneficial owners.*

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

During the reporting period, Mr. Tsui Wing Tak, a NED, held share interests and/or directorships in other companies which are principally engaged in property investment and development and provision of finance in Hong Kong and Mainland China. Mr. Tsui is therefore considered to have interests in businesses which compete or are likely to compete with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

As the businesses of the Company and the above entities are operated under separate management with no reliance (whether financial or business) on each other, the Group is able to operates its businesses independently of, and at arm's length from the competing entities.

Save as disclosed above, as at 31 December 2024, none of the Directors and their respective close associates have any interest in any businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses to which the Directors and their close associates were appointed to represent the interests of the Company and/or the Group.

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 Reporting Period.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of Cayman Islands where the Company is incorporated.

PERMITTED INDEMNITY PROVISION

For the Reporting Period, pursuant to the Articles of Association of the Company, every Director and other officers shall be entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain in or about the execution of the duties of their duty, or supposed duty in their respective office or otherwise in relation thereto. The Company has arranged appropriate insurance cover in respect of potential legal actions against the Directors and officers.

CORPORATE GOVERNANCE

The Company is dedicated to maintain a high standard in corporate governance practice. For the Reporting Period, the Company has complied with the code provisions under the Corporate Governance 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 be in different individual. Information about the corporate governance practice adopted by the Company is set out in the "Corporate Governance Report" on pages 19 to 32 of this annual report.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments for the Reporting Period are set out in note 11 to the consolidated financial statements.

EMOLUMENT POLICY

The remuneration committee of the Company will review the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The emoluments of the Directors are recommended by the remuneration committee of the Company for the Board's approval, having regard to the Group's operating results, individual performance and comparable market statistics. No Director or executive, nor any of his/her associates, is involved in deciding his/her own remuneration.

For details of the remuneration of employee of the Company, please refer to the section headed "Employees and Remuneration Policy" in "Management Discussion and Analysis" in this annual report.

The Company has adopted a share option scheme (the "**Share Option Scheme**") to attract and retain the best available personnel, to provide additional incentive to employees, directors, advisors, consultants, service providers, agents, customers, partners or joint-venture partners of the of the Group and to promote the success of the business of the Group. For details of the Share Option Scheme, please refer to the section headed "Share Option Scheme" above.

CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions for the Reporting Period as disclosed in note 39 to the consolidated financial statements also constituted fully exempted connected transactions of the Company in accordance with Chapter 14A of the Listing Rules. Details of these continuing connected transactions (as defined in the Listing Rules) of the Company are set out below.

1. EXEMPTED CONTINUING CONNECTED TRANSACTIONS

WINE CELLAR STORAGE AGREEMENT

Metropolitan Wine Cellar Limited (an indirect partially-owned subsidiary of the Company) entered into an agreement with Mr. Chan Man Fai Joe on 25 October 2022, pursuant to which the Group agreed to lease a storage of wine cellar for a term of 2 years and 2 months started from 1 November 2022 with total rent payment of HK$37,000 to Mr. Chan. The amount and annual cap of the transaction contemplated under Wine Cellar Storage Agreement for the year ended 31 December 2024 is nil.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient prescribed amount of public float as required under the Listing Rules throughout the Reporting Period and up to the date of this annual report.

EVENTS AFTER THE REPORTING PERIOD

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

REVIEWED BY AUDIT COMMITTEE

The audited consolidated financial statements of the Group for the Reporting Period have been reviewed by the audit committee of the Company. The audit committee is of the opinion that the consolidated financial statements of the Group for the Reporting Period comply with applicable reporting standards, Listing Rules, and that adequate disclosures have been made.

AUDITOR

BDO Limited ("**BDO**") was appointed as the auditor of the Company. The consolidated financial statements for the year ended 31 December 2024 have been audited by BDO, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting. A resolution for the re-appointment of BDO as auditor of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chan Man Fai Joe
Chairman

Hong Kong, 28 March 2025

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF STAR GROUP ASIA LIMITED
(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Star Group Asia Limited (formerly known as Star Group Company Limited) (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 66 to 152, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with 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.

BASIS OF OPINION

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

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 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matter described below to be the key audit matter to be communicated in our report.

DETERMINING NET REALISABLE VALUE OF PROPERTIES HELD FOR SALE

At 31 December 2024, the Group had properties held for sales at a carrying amount of HK$1,503,784,000 which included completed properties of HK$710,607,000 and properties under development of HK$793,177,000, as disclosed in note 24 to the consolidated financial statements. These properties held for sales are stated at the lower of cost and net realisable value on an individual property basis. Net realisable value is estimated at the actual or estimated selling price less estimated cost to completion and costs necessary to make the sales. In addition, due to the unique nature of individual properties, estimation of selling prices is highly subjective which requires management's judgement on customer preferences. During the year, based on the management's assessment, the Group recognised a write down of properties held for sale of HK$185,679,000. If the actual net realisable value of properties held for sale is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, additional material write down of properties held for sale may result.

We have identified the valuation of properties held for sale as a key audit matter due to significant management estimations involved in determining the net realisable value on properties held for sale.

Refer to summary of significant accounting policies in note 4, key sources of estimation uncertainty in note 5 and disclosure of properties held for sale in note 24 to the consolidated financial statements, respectively.

Our response:

Our procedures in relation to valuation of properties held for sale included:

– assessing the reasonableness of the construction budget of properties under development by comparing them to actual construction cost incurred for the properties developed by the Group;

– evaluating the appropriateness of the estimated selling price by comparing it with recent sales transactions for similar properties in similar locations; and

– comparing the management's estimation of the estimated costs to completion per budget to the actual development cost incurred by the Group by reference to the latest progress of the development stage.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors 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.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

BDO Limited
Certified Public Accountants
Pak, Tak Lun, Amos
Practising Certificate Number P06170

Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	*6*	**1,133,074**	1,243,710
Cost of sales and services		**(1,409,929)**	(1,243,833)
Gross loss		**(276,855)**	(123)
Other income	*8*	**30,429**	28,537
Loss on change in fair value of investment properties	*17*	**(52,784)**	(65,402)
Loss on change in fair value of financial liabilities at fair value through profit or loss	*28*	**(9,204)**	–
Gain/(loss) on change in fair value of financial assets at fair value through profit or loss	*23*	**1,051**	(7,607)
Gain on deregistration of subsidiaries		**241**	–
Loss on disposal of a subsidiary	*34*	**–**	(72)
Loss on derecognition of amount due from an associate	*29*	**(6,476)**	–
Impairment loss on investment in an associate	*18*	**(18,892)**	–
Selling expenses		**(80,669)**	(46,631)
Administrative expenses		**(71,451)**	(110,787)
Finance costs	*9*	**(143,423)**	(93,994)
Share of results of an associate	*18*	**17,653**	(5,095)
Loss before tax	*10*	**(610,380)**	(301,174)
Income tax credit	*13*	**5,089**	2,967
Loss for the year		**(605,291)**	(298,207)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences:			
Exchange differences on translation of foreign operations		**(5,104)**	(2,925)
Share of other comprehensive income of an associate	*18*	**(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)
Loss for the year attributable to:			
Owners of the Company		**(605,029)**	(294,595)
Non-controlling interests		**(262)**	(3,612)
		(605,291)	(298,207)

	Notes	2024 HK$'000	2023 HK$'000
Total comprehensive income attributable to:			
Owners of the Company		**(612,545)**	(299,442)
Non-controlling interests		**(262)**	(3,612)
		(612,807)	(303,054)
Loss per share (in HK cents)			
Basic	*14*	**(94.32)**	(45.92)
Diluted	*14*	**(94.32)**	(45.92)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	**2,656**	4,957
Investment properties	17	**738,379**	776,584
Investment in an associate	18	**6,316**	9,967
Investment in a joint venture	19	**–**	–
Deferred tax assets	20	**5,627**	4,377
Loan receivables	21	**44,198**	60,120
Deposits and other receivables	22	**3,880**	3,935
Amount due from an associate	29	**3,655**	–
Financial assets at fair value through profit or loss	23	**53,047**	5,160
		857,758	865,100
CURRENT ASSETS			
Inventories	24	**11,980**	12,843
Properties held for sale	24	**1,503,784**	2,900,972
Trade and other receivables	22	**46,132**	51,996
Financial assets at fair value through profit or loss	23	**1,952**	2,582
Amount due from an associate	29	**–**	100,520
Amount due from a related company	29	**3**	1
Tax recoverable		**29**	29
Stakeholders' accounts	25	**16,223**	31,242
Pledged bank deposit	25	**10,000**	10,000
Bank balances and cash	25	**28,855**	46,919
		1,618,958	3,157,104
CURRENT LIABILITIES			
Trade and other payables	26	**184,526**	245,981
Contract liabilities	27	**13,819**	12,957
Financial liabilities at fair value through profit or loss	28	**9,204**	–
Amount due to a director	29	**74,375**	82,188
Amounts due to related companies	29	**2**	2
Lease liabilities	16	**16,633**	15,965
Tax liabilities		**258**	330
Borrowings	30	**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

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT LIABILITIES			
Lease liabilities	*16*	**28,673**	34,271
Borrowings	*30*	**14,249**	–
Convertible bonds – liability component	*31*	**60,662**	95,151
Deferred tax liabilities	*20*	**48,417**	52,156
		152,001	181,578
NET ASSETS		**801,469**	1,414,276
CAPITAL AND RESERVES			
Share capital	*32*	**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		**801,469**	1,414,276

The consolidated financial statements on pages 66 to 152 were approved and authorised for issue by the Board of Directors on 28 March 2025 and are signed on its behalf by:

Chan Man Fai Joe
Director

Cheung Wai Shuen
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Equity attributable to owners of the Company										
	Share capital HK$'000	**Share premium** HK$'000	**Share options reserve** HK$'000	**Translation reserve** HK$'000	**Shareholders' contribution** HK$'000	**Convertible bonds-equity reserve** HK$'000	**Merger reserve** HK$'000	**Retained earnings** HK$'000	**Sub-total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 January 2023	6,415	233,457	8,706	236	193,911	313,698	(150,227)	1,123,329	1,729,525	(12,195)	1,717,330
Loss for the year	–	–	–	–	–	–	–	(294,595)	(294,595)	(3,612)	(298,207)
Other comprehensive income for the year	–	–	–	(4,847)	–	–	–	–	(4,847)	–	(4,847)
Total comprehensive income for the year	–	–	–	(4,847)	–	–	–	(294,595)	(299,442)	(3,612)	(303,054)
Lapse of share options *(note 33)*	–	–	(186)	–	–	–	–	186	–	–	–
At 31 December 2023 and 1 January 2024	6,415	233,457	8,520	(4,611)	193,911	313,698	(150,227)	828,920	1,430,083	(15,807)	1,414,276
Loss for the year	–	–	–	–	–	–	–	(605,029)	(605,029)	(262)	(605,291)
Other comprehensive income for the year	–	–	–	(7,516)	–	–	–	–	(7,516)	–	(7,516)
Total comprehensive income for the year	–	–	–	(7,516)	–	–	–	(650,029)	(612,545)	(262)	(612,807)
Lapse of share options *(note 33)*	–	–	(1,462)	–	–	–	–	1,462	–	–	–
At 31 December 2024	6,415	233,457	7,058	(12,127)	193,911	313,698	(150,227)	225,353	817,538	(16,069)	801,469

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Cash flows from operating activities		
Loss before tax	**(610,380)**	(301,174)
Adjustments for:		
Depreciation of owned property, plant and equipment	**574**	828
Depreciation of right-of-use assets	**1,828**	1,859
Finance costs	**143,423**	93,994
Gain on disposal of property, plant and equipment	**–**	(107)
(Gain)/loss on change in fair value of financial assets at fair value through profit or loss	**(1,051)**	7,607
Loss on change in fair value of financial liabilities at fair value through profit or loss	**9,204**	–
Loss on disposal of a subsidiary	**–**	72
(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
Write down of properties held for sale	**185,679**	23,623
Loss on change in fair value of investment properties	**52,784**	65,402
Loss on derecognition of amount due from an associate	**6,476**	–
Impairment loss on investment in an associate	**18,892**	–
Gain on lease modification	**(1,789)**	–
Loss on redemption of financial assets at fair value through profit or loss	**–**	90
Interest income	**(571)**	(2,832)
Investment income from financial assets at fair value through profit or loss	**–**	(640)
Gain on deregistration of subsidiaries	**(241)**	(1,560)
Share of results of an associate	**(17,653)**	5,095
Unrealised exchange differences	**(5,727)**	(2,488)
Operating loss before movements in working capital	**(218,770)**	(104,438)
Decrease/(increase) in inventories	**863**	(2,035)
Decrease in loan receivables	**16,549**	15,835
Decrease in trade and other receivables	**5,510**	8,861
Decrease in properties held for sale	**1,211,509**	1,043,855
Decrease/(increase) in stakeholders' accounts	**15,019**	(13,326)
Decrease in trade and other payables	**(5,084)**	(81,169)
Increase/(decrease) in contract liabilities	**862**	(6,259)
Increase in amount due from an associate	**(3,109)**	(1,479)
(Increase)/decrease in amounts due from related companies	**(2)**	91
Decrease in amounts due to related companies	**–**	(7)
Cash generated from operations	**1,023,347**	859,929
Income tax refund/(paid)	**28**	(14,125)
Net cash generated from operating activities	**1,023,375**	845,804

	2024 HK$'000	2023 HK$'000
Cash flows from investing activities		
Purchase of investment properties	(246)	(860)
Purchase of property, plant and equipment	(115)	(738)
Proceeds from disposal of a subsidiary	–	58,000
Proceeds from disposal of plant and equipment	–	2,463
Proceeds from redemption of financial assets at fair value through profit or loss	–	1,463
Investment in a bond	(9,496)	–
Investment income received from financial assets at fair value through profit or loss	–	640
Interest received	571	2,832
Net cash (used in)/generated from investing activities	(9,286)	63,800
Cash flows from financing activities		
Borrowings raised	109,537	1,265,258
Repayments of borrowings	(938,656)	(1,888,164)
Repayments of lease liabilities	(20,875)	(20,627)
Advances from a director	41,200	–
Repayment of advances from a director	(49,013)	(61,433)
Interest paid	(173,982)	(214,762)
Net cash used in financing activities	(1,031,789)	(919,728)
Net decrease in cash and cash equivalents	(17,700)	(10,124)
Cash and cash equivalents at beginning of year	46,919	57,501
Effect of foreign exchange rate changes on cash and cash equivalents	(364)	(458)
Cash and cash equivalents at end of year represented by bank balances and cash	28,855	46,919

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 HKFRS ACCOUNTING STANDARDS

(A) 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.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

(B) NEW OR AMENDMENTS TO HKFRS ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The following new or amendments to HKFRS Accounting Standards have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurements of Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
Amendments to HK Int 5	Presentation of Financial statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (reference have been updated to reflect the requirements in HKFRS 18)[3]

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

The Group is currently assessing the impact of these new and amendments to HKFRS Accounting Standards. Except for the below, these new and amendments to HKFRS Accounting Standards are preliminary assessed and are not expected to have any significant impact on the Group's financial statements.

HKFRS 18, Presentation and Disclosure in Financial Statements

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

3. BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS Accounting Standards**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

BASIS OF MEASUREMENT AND GOING CONCERN BASIS

The consolidated financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out in note 4.

For investment properties and financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

– Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

– Level 3 inputs are unobservable inputs for the asset or liability.

The material accounting policies are set out in note 4 below.

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 (note 30) amounted to HK$1,224,429,000 while the Group only had cash and cash equivalents amounted to HK$28,855,000. In assessing the Group's ability to continue as a going concern and the appropriateness of the use of the going concern basis for the preparation of these consolidated financial statements, the directors of the Company prepared a cash flow forecast covering 12 months from the end of the reporting period that takes into account of the future liquidity of the Group and the following plans and measures:

(i) The Group had completed properties held for sale with carrying amount of HK$710,607,000 as at 31 December 2024 (Note 24). The Group expects to realise a portion of them at margin sufficient to cover the carrying amount of those properties;

3. BASIS OF PREPARATION (Continued)

BASIS OF MEASUREMENT AND GOING CONCERN BASIS (Continued)

(ii) The Group has sufficient unutilised credit facilities of approximately HK$54 million as at 31 December 2024 available to support its daily operating expenses and the directors had reasonable expectation that the credit facilities would be renewed given the value of the credit enhancements given by the Group; and

(iii) As at 31 December 2024, out of the borrowings classified as current liabilities, HK$96,656,000 of which are scheduled for repayment after 1 year but the lenders have unconditional right to demand repayment at any time at its own discretion and therefore, they are classified as current liabilities. Furthermore, included in borrowings scheduled for repayment within 1 year of HK$1,006 million are revolving loan facilities which are subject to review by relevant banks periodically. These borrowings were either pledged by the Group's property projects or investment properties. After assessing the value of these collaterals and compliance with the financial covenants stipulated in relevant facility agreements, despite the breach of certain financial ratios of the Group as detailed in note 30, the directors considered that it is unlikely that the relevant banks will exercise their discretion to demand immediate repayment and believes that the borrowings will be repaid in accordance with scheduled repayment dates and that the credit facilities will continue to be available for the next twelve months.

Based on the above, the directors are of the view that the Group would have adequate resources to continue in operational existence for the foreseeable future and continue as a going concern. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis.

However, there are inherent uncertainties associated with the outcome of the plans and measures that include i) whether the sales of the completed properties of the Group can be materialised and ii) whether the credit facilities will continue to be available for the next twelve months. These indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amount of the Group's assets to their net realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments have not been reflected in the consolidated financial statements.

FUNCTIONAL AND PRESENTATION CURRENCIES

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

4. ACCOUNTING POLICIES

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation. The carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interest (if any) are derecognised. A gain or loss on disposal is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill, if applicable), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does 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.

4. ACCOUNTING POLICIES (Continued)

REVENUE FROM CONTRACTS WITH CUSTOMERS (Continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service. Further details of the Group's policy on recognition of revenue from contracts with customers are set out in note 6(II).

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 Financial Instruments ("**HKFRS 9**"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (such as sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

LEASING

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

4. ACCOUNTING POLICIES (Continued)

LEASING (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset 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.

Except for those that are classified as investment properties and measured under fair value model and held as inventories, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. For right-of-use asset that meets the definition of an investment property, they are carried at fair value. For right-of-use assets held as inventories, they are subsequently measured in accordance with the Group accounting policy for “properties held for sale”.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as property, plant and equipment. Right-of-use assets that meet the definition of investment property or inventory are presented within “investment properties” or “properties held for sale” respectively.

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 include:

– 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.

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

4. ACCOUNTING POLICIES (Continued)

LEASING (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate leases. The sub-lease is classified as finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remains outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

RETIREMENT BENEFITS COSTS

Employee benefits – Defined contribution schemes

Mandatory provident fund scheme set up and operated under the Mandatory Provident Fund Schemes Ordinance, Cap. 485 (the "**MPF Schemes Ordinance**") is categorised as a defined contribution plan. Contributions to defined contribution plan are charged to the consolidated statement of profit or loss when the related services are recognised.

4. ACCOUNTING POLICIES (Continued)

SHARE-BASED PAYMENT ARRANGEMENTS

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to directors of the Company and employees of the Group who have contributed or will contribute to the Group are measured at the fair value of the equity instruments at the grant date.

When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained earnings.

TAXATION

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

INVESTMENT PROPERTIES

Investment properties are properties held to earn rentals and/or for capital appreciation including properties under construction for such purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4. ACCOUNTING POLICIES (Continued)

ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment. At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

PROPERTIES HELD FOR SALE

Properties under development which are intended to be sold upon completion of development and completed properties for sale are classified as current assets. The leasehold land and building elements cannot be allocated in proportion to the relative carrying amounts and the entire properties are classified as properties held for sale. Properties under development and completed properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales.

Properties under development for sale are transferred to completed properties for sale upon completion.

When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as properties held for sale.

4. ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss. Trade receivable without a significant financing component is initially measured at the transaction price.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

– the financial asset is held within a business model whose objective is to collect contractual cash flows; and

– the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is not held for trading.

A financial asset is held for trading if:

– it has been acquired principally for the purpose of selling in the near term; or

– on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as a hedging instrument.

4. ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets at FVTPL include derivative financial assets and investments at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest earned on the financial asset.

Impairment of financial assets

The Group performs impairment assessment under ECL model on financial assets (including trade and other receivables, lease receivables, loan receivables, amounts due from a joint venture, an associate and related companies, stakeholders' accounts, pledged bank deposit and bank balances), which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and lease receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

– an actual or expected significant deterioration in the financial instruments' external (if available) or internal credit rating;

– significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;

– existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

– an actual or expected significant deterioration in the operating results of the debtor; or

– an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

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

4. ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

(iii) Credit-impaired financial assets

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

– significant financial difficulty of the issuer or the borrower;

– a breach of contract, such as a default or past due event;

– the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;

– the disappearance of an active market for that financial asset because of financial difficulties; or

– the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

4. ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivables in accordance with HKFRS 16.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Past-due status; and

- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

4. ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities at amortised cost

The financial liabilities of the Group (including trade and other payables, amount due to a director, amounts due to related companies, borrowings and liability component of the convertible bonds as described below) are subsequently measured at amortised cost, using the effective interest method.

Financial liabilities at FVTPL

Derivative financial instruments are subsequently measured at fair value with changes in fair value recognised in profit or loss.

Convertible bonds

Convertible bonds which entitle the holder to convert the notes into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The fair value of other derivative features embedded in the compound instruments that are not closely related to the host contract are separately accounted for. The difference between the fair value of the convertible bonds as a whole and the fair values assigned to the liability component and the separated embedded derivatives, representing the embedded option for the holder to convert the bonds into equity of the Company, is included in equity as convertible bonds equity reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are measured at fair value with gains and losses recognised in profit or loss.

Transaction costs are apportioned between the liability, derivative and equity components of the convertible bonds based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

Derecognition of financial liabilities

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

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The following is the critical judgement, apart from those involving estimations (which is dealt with separately below), that management of the Group has made in the process of applying the Group's accounting policies and that has the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded whether the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time or the carrying amounts of investment properties are recovered entirely through sale and decided whether to recognise any deferred taxes on changes in fair value of investment properties.

Provision of income tax

The Group is mainly subject to income taxes in Hong Kong and South Korea. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provision accordingly. However, judgement is required in determining the Group's provision for income tax as there are many transactions and calculations of which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Going concern

As disclosed in note 3, the consolidated financial statements have been prepared on a going concern basis. The appropriateness of using going concern basis is assessed by the management after taking into consideration all relevant information about the future liquidity and performance of the Group, including the operating cash inflow of the Group and the availability of the loan facilities in the foreseeable future. Such assessment involves uncertainties. Actual outcome could differ significantly and hence render the adoption of the going concern basis inappropriate.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated net realisable value on properties held for sale

In determining whether a write down should be made to the Group's properties held for sale, the Group takes into consideration the current market conditions to estimate the net realisable value (i.e. the actual or estimated selling price less estimated costs to complete and estimated costs necessary to make the sales). An allowance is made if the estimated net realisable value is less than the carrying amount. If the actual net realisable value on properties held for sale is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material additional write down may result. As at 31 December 2024, the carrying amount of the properties held for sale was HK$1,503,784,000 (2023: HK$2,900,972,000).

Fair value of investment properties

As at 31 December 2024, investment properties were carried in the consolidated statement of financial position at aggregate fair value of HK$738,379,000 (2023: HK$776,584,000). The fair value was based on valuations on these properties conducted by independent qualified valuers using valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair values of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

Estimated impairment of loan receivables

Impairment of loan receivables is assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition. Assessment is done based on the Group's historical credit loss experience, general economic conditions, internal credit ratings and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's loan receivables is disclosed in notes 38 and 21 respectively. As at 31 December 2024, the carrying amount of loan receivables was HK$53,590,000 (2023: HK$70,139,000).

Fair value of financial instruments

The best evidence of fair value is the published price quotations in an active market. In the absence of such information, the fair value is determined by an independent professional valuer. Such valuation is subject to limitations of the valuation models adopted and the uncertainty in estimates used by management in the assumptions. Should the estimates and the relevant parameters of the valuation models be changed, there would be material changes in the fair value of certain financial instruments without quoted prices.

6. REVENUE

	2024 HK$'000	2023 HK$'000
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
	1,079,426	1,187,287
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
	53,648	56,423
Total revenue	**1,133,074**	1,243,710

6. REVENUE (Continued)

(I) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

Segments	Property development		Property management services		Wine business		Construction and fitting out works		Media production services		Total	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
Sales of properties	**1,053,803**	1,157,984	**–**	–	**–**	–	**–**	–	**–**	–	**1,053,803**	1,157,984
Provision of property management and security services	**–**	–	**13,921**	12,850	**–**	–	**–**	–	**–**	–	**13,921**	12,850
Provision of construction and fitting out works	**–**	–	**–**	–	**–**	–	**6,045**	5,720	**–**	–	**6,045**	5,720
Trading of fine wine	**–**	–	**–**	–	**5,657**	10,129	**–**	–	**–**	–	**5,657**	10,129
Provision of media production services	**–**	–	**–**	–	**–**	–	**–**	–	**–**	604	**–**	604
Total	**1,053,803**	1,157,984	**13,921**	12,850	**5,657**	10,129	**6,045**	5,720	**–**	604	**1,079,426**	1,187,287
Geographical markets												
Hong Kong	**1,053,803**	1,157,984	**13,921**	12,850	**5,657**	10,129	**6,045**	5,720	**–**	604	**1,079,426**	1,187,287
Timing of revenue recognition												
A point in time	**1,053,803**	1,157,984	**–**	–	**5,657**	10,129	**–**	–	**–**	–	**1,059,460**	1,168,113
Over time	**–**	–	**13,921**	12,850	**–**	–	**6,045**	5,720	**–**	604	**19,966**	19,174
Total	**1,053,803**	1,157,984	**13,921**	12,850	**5,657**	10,129	**6,045**	5,720	**–**	604	**1,079,426**	1,187,287

(II) PERFORMANCE OBLIGATIONS FROM CONTRACTS WITH CUSTOMERS

(a) Sales of properties

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use.

Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

During the year, some contracts provide customers with benefit of 0.5% to 1% of the purchase price if the customers choose to lease the purchased properties within 6 months after the completion of the sales, which give rise to variable consideration subject to constraint.

6. REVENUE (Continued)

(II) PERFORMANCE OBLIGATIONS FROM CONTRACTS WITH CUSTOMERS (Continued)

(b) Provision of property management and security services

Revenue from provision of property management and security services is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue for these property management and security services is recognised based on monthly statement issued using output method on the basis of direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised under the contract.

(c) Provision of construction and fitting out works

Revenue from provision of property fitting out works on property owned by the customer is recognised over time as the Group determines that the customer controls all the work in progress as the fitting out works are being conducted and the property owned by the customer is being enhanced during the terms of the contracts. Revenue is recognised using output method according to value of the progress towards satisfaction of the performance obligation. Payment certificates are issued according to contractual terms and are usually payable within 30 days. Uninvoiced amounts are presented as contract assets.

(d) Trading of fine wine

Revenue from sales of fine wine is recognised at a point in time when customers obtain control of the goods when the goods are delivered to and have been accepted by the customer, whilst the customer has full discretion right to direct the goods and there is no unfulfilled obligation that could affect the customers' acceptance of the goods. There is generally only one performance obligation. Sale invoices are issued to customers upon transfer of control of goods except for sales made through online platform. For sale through online platform, sale invoices are issued to customer when sale orders are confirmed. Payment is due upon presentation of sale invoice.

Discounts and other cash incentive to customers are accounted for as reduction of the transaction price.

(e) Provision of media production services

The Group provides media production services in marketing, advertisement and organisation of music concerts.

Revenue from media production services is recognised over time as services are rendered. Revenue from providing these services is recognised using output method according to the value of the progress towards satisfaction of the performance obligation.

Initial deposits are normally required before rendering the services. Service contracts are normally for periods of one year or less and are billed based on achievement of milestones.

(III) TRANSACTION PRICE ALLOCATED TO THE REMAINING PERFORMANCE OBLIGATION FOR THE CONTRACTS WITH CUSTOMERS

All of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied or partially unsatisfied performance obligations is not disclosed.

7. 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
	HK$'000	HK$'000	**HK$'000**	HK$'000
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.

7. OPERATING SEGMENTS (Continued)

SEGMENT ASSETS AND LIABILITIES

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

	2024 HK$'000	2023 HK$'000
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
Total segment assets	**2,451,835**	4,002,213
Unallocated assets	**24,881**	19,991
Consolidated total assets	**2,476,716**	4,022,204
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
Total segment liabilities	**1,600,217**	2,491,091
Unallocated liabilities	**75,030**	116,837
Consolidated total liabilities	**1,675,247**	2,607,928

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 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.

7. OPERATING SEGMENTS (Continued)

OTHER SEGMENT INFORMATION

For the year ended 31 December 2024

	Property development HK$'000	Property investment HK$'000	Property management services HK$'000	Construction and fitting out works HK$'000	Provision of finance HK$'000	Wine business HK$'000	Media production services HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'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 HK$'000	Property investment HK$'000	Property management services HK$'000	Construction and fitting out works HK$'000	Provision of finance HK$'000	Wine business HK$'000	Media production services HK$'000	Segment total HK$'000	Unallocated HK$'000	Total HK$'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)

7. OPERATING SEGMENTS (Continued)

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 HK$'000	2023 HK$'000
Hong Kong	740,969	781,422
South Korea	6,382	10,086
	747,351	791,508

INFORMATION ABOUT MAJOR CUSTOMERS

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

8. OTHER INCOME

	2024 HK$'000	2023 HK$'000
Interest income earned on bank balances	571	1,240
Other interest income	–	1,592
Temporary rental income from properties held for sale *(note)*	13,479	12,138
Investment income from financial assets at FVTPL	–	640
Business management income from an associate	3,705	3,942
Agency fee income	741	1,844
Gain on lease modification	1,789	–
Forfeited deposits received	1,298	426
Forfeited rental deposits received	6,650	–
Income from sponsorship	–	2,988
Gain on disposal of property, plant and equipment	–	107
Others	2,196	3,620
	30,429	28,537

Note:

The Group recognised temporary rental income from its properties held for sale of HK$13,479,000 (2023: HK$12,138,000) under other income. The income is derived from operating leases that leasing out its properties held for sale on a temporary basis before sale where lease payments are either fixed or variable based on turnover of tenants.

9. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interests on:		
Borrowings	**127,013**	201,220
Amount due to a director	**7,439**	9,398
Lease liabilities	**3,401**	3,289
Imputed interest on convertible bonds	**5,570**	6,943
Total borrowing costs	**143,423**	220,850
Less: amount capitalised in cost of qualifying assets	**–**	(126,856)
	143,423	93,994

Borrowing costs capitalised at rate ranging from 4.81% to 18.00% per annum during the year ended 31 December 2023 arose on the specific and general borrowings for the expenditure on property development.

10. LOSS BEFORE TAX

	2024 HK$'000	2023 HK$'000
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
Total staff costs	**32,573**	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	**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
	(44,173)	(47,190)

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

DIRECTORS

The emoluments of the directors of the Company including the amount paid or payable by the group entities for their services provided to the Group are as follows:

	2024 HK$'000	2023 HK$'000
Fees	600	600
Salaries, commission and other allowances	3,477	3,493
Discretionary bonuses	–	522
Retirement benefit scheme contributions	36	36
Total	4,113	4,651

Directors' and executives' emoluments for the year, disclosed pursuant to application Listing Rules and Hong Kong Companies Ordinance, are as follows:

	2024					2023				
	Fees HK$'000	Salaries, commission and other allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000	Fees HK$'000	Salaries, commission and other allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
(A) Executive directors:										
Mr. Chan Man Fai Joe (chief executive)	–	2,509	–	18	2,527	–	2,520	285	18	2,823
Ms. Cheung Wai Shuen	–	968	–	18	986	–	973	237	18	1,228
	–	3,477	–	36	3,513	–	3,493	522	36	4,051
(B) Non-executive directors:										
Mr. Yim Kwok Man	120	–	–	–	120	120	–	–	–	120
Mr. Tsui Wing Tak Edward	120	–	–	–	120	120	–	–	–	120
	240	–	–	–	240	240	–	–	–	240

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

DIRECTORS (Continued)

	2024					2023				
	Fees HK$'000	Salaries, commission and other allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000	Fees HK$'000	Salaries, commission and other allowances HK$'000	Discretionary bonuses HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
(C) Independent non-executive directors:										
Dr. Wong Wai Kong	120	–	–	–	120	120	–	–	–	120
Mr. Lee Chung Ming Eric	120	–	–	–	120	120	–	–	–	120
Ms. Chan Wah Man Carman	120	–	–	–	120	120	–	–	–	120
	360	–	–	–	360	360	–	–	–	360
Total	600	3,477	–	36	4,113	600	3,493	522	36	4,651

The discretionary bonuses are determined with reference to the financial performance for the relevant years of the group entities.

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

The non-executive directors' emoluments and independent non-executive directors' emoluments shown above were for their services as director of the Company.

EMPLOYEES

Of the five individuals with the highest emoluments in the Group, two (2023: two) are directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2023: three) individuals for the year ended 31 December 2024 are as follows:

	2024 HK$'000	2023 HK$'000
Salaries and other allowances	2,189	3,061
Discretionary bonuses	1,108	496
Retirement benefit scheme contributions	42	54
	3,339	3,611

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

EMPLOYEES (Continued)

The number of the highest paid individuals who are not the directors of the Company whose emoluments fell within the following bands is as follows:

	2024 No. of employees	2023 No. of employees
HK$Nil–HK$1,000,000	**1**	–
HK$1,000,001–HK$1,500,000	**1**	3
HK$1,500,001–HK$2,000,000	**1**	–
	3	3

The emoluments paid or payable to members of senior management (excluding directors) were within the following bands:

	2024 No. of employees	2023 No. of employees
HK$Nil–HK$1,000,000	**3**	4
HK$1,000,001–HK$1,500,000	**2**	3
	5	7

12. 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.

13. INCOME TAX CREDIT

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

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).

The income tax credit for the year can be reconciled from the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK$'000	2023 HK$'000
Loss before tax	(610,380)	(301,174)
Tax at Hong Kong Profits Tax Rate of 16.5%	(100,713)	(49,694)
Tax effect of expenses not deductible for tax purpose	1,771	4,685
Tax effect of other temporary differences not recognised	33,735	3,949
Tax effect of income not taxable for tax purpose	(3,690)	(1,276)
Tax effect of tax losses not recognised	68,622	41,660
Utilisation of tax losses previously not recognised	(1,629)	(376)
Tax effect of share of results of an associate	(2,913)	841
Overprovision in prior years	(272)	(171)
Others	–	(2,585)
Income tax credit for the year	(5,089)	(2,967)

14. 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 HK$'000	2023 HK$'000
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) *(note (b))*	**N/A**	N/A
– Interest on convertible bonds (net of tax) *(note (b))*	**N/A**	N/A
Loss for the purpose of diluted loss per share	**(605,029)**	(294,595)
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**641,498**	641,498
Effect of dilutive potential ordinary shares:		
– Outstanding share options issued by the Company *(note (a))*	**N/A**	N/A
– Convertible bonds *(note (b))*	**N/A**	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	**641,498**	641,498

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.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties for own use *(note 16)* HK$'000	Office equipment and furniture HK$'000	Total HK$'000
COST			
At 1 January 2023	8,370	11,038	19,408
Additions	4,521	738	5,259
Disposals	–	(2,722)	(2,722)
Exchange realignment	–	(6)	(6)
At 31 December 2023 and 1 January 2024	12,891	9,048	21,939
Additions	–	115	115
Exchange realignment	–	(27)	(27)
At 31 December 2024	12,891	9,136	22,027
ACCUMULATED DEPRECIATION			
At 1 January 2023	7,446	7,217	14,663
Provided for the year	1,859	828	2,687
Disposals	–	(366)	(366)
Exchange realignment	–	(2)	(2)
At 31 December 2023 and 1 January 2024	9,305	7,677	16,982
Provided for the year	1,828	574	2,402
Exchange realignment	–	(13)	(13)
At 31 December 2024	11,133	8,238	19,371
CARRYING VALUES			
At 31 December 2024	1,758	898	2,656
At 31 December 2023	3,586	1,371	4,957

The property, plant and equipment, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives, as follows:

Leasehold properties for own use	Over the lease term
Office equipment and furniture	10%–50% per annum

16. LEASES

THE GROUP AS A LESSEE

The Group owns interests in leasehold land and buildings in Hong Kong for property development and property leasing purpose. Lump sum payments were made upfront when these leasehold land and buildings were acquired.

Apart from this, the Group leases a number of properties which generally have an initial lease term of two to ten years. The lease payments are fixed and there are no renewal options, variable lease payments nor restrictions or covenants included in these lease agreements. However, extension options are included in certain property leases of the Group. Periods covered by the extension options were included in the lease terms when the Group was reasonably certain to exercise the options.

The Group also regularly entered into short-term leases for office premises and a motor vehicle. The Group does not recognise right-of-use assets and lease liabilities in regard of these short-term leases. The Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease terms.

(I) Right-of-use assets

	2024 **HK$'000**	2023 HK$'000
Included in "Property, plant and equipment" at depreciated cost		
– Properties leased for own use *(note 15)*	**1,758**	3,586
Included in "Investment properties" at fair value:		
– Ownership interests in leasehold properties	**693,175**	725,775
– Leased properties under operating leases	**45,204**	50,809
	740,137	780,170

As at 31 December 2024 and 2023, the right-of-use assets represented properties leased for own use carried at depreciated costs and for leasing or sub-leasing purposes carried at fair value are included in the line items as property, plant and equipment and investment properties respectively.

16. LEASES (Continued)

THE GROUP AS A LESSEE (Continued)

(II) Lease liabilities

	2024 HK$'000	2023 HK$'000
At 1 January	**50,236**	46,965
New leases	**14,333**	20,609
Lease modification	**(1,789)**	–
Lease payments	**(20,875)**	(20,627)
Interest expenses	**3,401**	3,289
At 31 December	**45,306**	50,236

The present value of future lease payments is analysed as:

	2024 HK$'000	2023 HK$'000
Current liabilities	**16,633**	15,965
Non-current liabilities	**28,673**	34,271
	45,306	50,236

(III) Extension option

The Group had a lease contract that includes an extension option. This option was negotiated by the management to provide flexibility in managing the leased-asset and it was aligned with the Group's business needs. Set out below was the undiscounted potential future rental payments relating to period following the exercise date of extension option that was not included in the lease term:

	Payable within five years	
	2024 HK$'000	2023 HK$'000
Extension option expected not to be exercised	**–**	1,288

16. LEASES (Continued)

THE GROUP AS A LESSEE (Continued)

(IV) Other information

	2024 HK$'000	2023 HK$'000
Short-term lease expenses	**3,242**	1,968
Aggregate operating lease commitment of short-term leases	**62**	223

THE GROUP AS A LESSOR

As detailed in note 17, the Group leases its investment properties consisting of commercial, residential and industrial properties and farmland in Hong Kong under operating lease arrangements.

At 31 December 2024 and 2023, the undiscounted lease payments receivable by the Group in future period under non-cancellable operating leases with its tenants are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	**18,244**	18,836
After one year but within two years	**8,249**	6,766
After two years but within three years	**2,470**	1,339
	28,963	26,941

17. INVESTMENT PROPERTIES

(I) RECONCILIATION OF CARRYING AMOUNT

	HK$'000
At 1 January 2023	883,038
Additions	16,948
Disposal of a subsidiary *(note 34)*	(58,000)
Fair value loss	(65,402)
At 31 December 2023 and 1 January 2024	**776,584**
Additions	**14,579**
Fair value loss	**(52,784)**
At 31 December 2024	**738,379**

The Group leases out its ownership interests in leasehold properties including commercial, residential and industrial properties and farmland and sub-leases a number of leased industrial properties under operating leases with rentals payable monthly.

The leases run for an initial period of few months to three years. Majority of the lease contracts contain market review clauses in the event both the lessor and the lessee exercises the option to extend. The leases contain minimum annual lease payments that are fixed over the lease term. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

These investment properties are located in Hong Kong.

As at 31 December 2024, the Group's investment properties with carrying amount of approximately HK$693,175,000 (2023: HK$725,775,000) have been pledged to secure borrowings granted to the Group. Details are set out in note 30.

(II) FAIR VALUE MEASUREMENT

The fair value of the Group's investment properties is a level 3 recurring fair value measurement, which uses significant unobservable inputs in arriving the fair value. There were no transfers into or out of level 3 for both years presented.

In the opinion of the directors, reconciliation on level 3 fair value measurement between the years represents changes in the carrying amount as presented on note (I) above.

The fair value of the Group's investment properties at the end of the reporting period have been arrived at on market value basis carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"), an independent firm of professionally qualified valuers, on an open market basis, who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued.

17. INVESTMENT PROPERTIES (Continued)

(II) FAIR VALUE MEASUREMENT (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of the Group's investment properties as at 31 December 2024 and 2023:

Investment properties	Valuation technique	Significant inputs	Relationship of inputs to fair value
Commercial properties	Direct comparison approach	Recent market asking price of comparables, taken into account of the discount on asking price and size between the subject properties and the comparables, ranging from HK$21,231 to HK$48,475 (2023: HK$24,000 to HK$56,707) per square feet.	The higher the asking price, the higher the fair value
Residential properties	Income capitalisation approach	Net rental income derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, range from HK$44 to HK$61 (2023: HK$44 to HK$61) which have been then capitalised to determine the market value at an appropriate capitalisation rate, range from 2.37% to 2.80% (2023: 2.37% to 2.80%).	The higher the unit monthly rent, the higher the fair value; The higher the reversionary yield, the lower the fair value.
	Direct comparison approach	Recent market asking price of comparables, taken into account of the discount on asking price and size between the subject properties and the comparables, ranging from HK$17,024 to HK$24,238 (2023: HK$17,024 to HK$23,310) per square feet.	The higher the asking price, the higher the fair value
Farmland	Direct comparison approach	Recent market asking price of comparables, taken into account of the discount on asking price and size between the subject properties and the comparables, ranging from HK$520 to HK$1,310 (2023: HK$534 to HK$1,310) per square feet.	The higher the asking price, the higher the fair value

17. INVESTMENT PROPERTIES (Continued)

(II) FAIR VALUE MEASUREMENT (Continued)

Investment properties	Valuation technique	Significant inputs	Relationship of inputs to fair value
Industrial properties	Direct comparison approach	Recent market asking price of comparables, taken into account of the discount on asking price and size between the subject properties and the comparables, ranging from HK$6,305 to HK$12,715 (2023: HK$6,305 to HK$12,715) per square feet.	The higher the asking price, the higher the fair value
Industrial properties under sub-leasing arrangement	Income capitalisation approach	Net rental income derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, range from HK$9 to HK$19 (2023: HK$8 to HK$23) which have been then capitalised to determine the market value at an appropriate capitalisation rate of 3.8% (2023: 3.5%)	The higher the unit monthly rent, the higher the fair value; The higher the reversionary yield, the lower the fair value

There were no changes to the valuation techniques during both years.

18. INVESTMENT IN AN ASSOCIATE

	2024 HK$'000	2023 HK$'000
Share of net assets	**25,208**	9,967
Less: impairment loss	**(18,892)**	–
	6,316	9,967

Particulars of the material associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Bigtriangle PFV Co. Ltd.	Ordinary shares	South Korea	51%	Property development

18. INVESTMENT IN AN ASSOCIATE (Continued)

The associate was set up by the Group and two independent third parties in previous years in which the Group has one-third of the voting right in the board of directors of the associate. By considering the shareholders' agreement, the Group has no sufficient dominant voting rights to direct the relevant activities of the associate unilaterally and requires the mutual consent with either one of the remaining shareholders. Therefore, the associate is considered an associate of the Group.

The following table illustrates the summarised financial information in respect of the associate and reconciled to the carrying amount in the consolidated financial statements:

	2024 HK$'000	2023 HK$'000
Current assets	918,524	754,015
Current liabilities	(41,219)	(734,472)
Non-current liabilities	(827,877)	–
Net assets	49,428	19,543
Reconciliation of the Group's investment in an associate:		
Proportion of the Group's ownership	51%	51%
Group's share of net assets of the associate and carrying amount of the investment	25,208	9,967
Revenue	–	–
Profit/(loss) for the year	34,614	(9,990)
Other comprehensive income	(4,729)	(710)
Total comprehensive income for the year	29,885	(10,700)

18. INVESTMENT IN AN ASSOCIATE (Continued)

IMPAIRMENT TESTING

The recoverable amount of the investment in an associate is determined based on a value in use calculation using a waterfall distribution model which specifies how profits and returns are allocated to different parties involved in the investment at the time when the property development project of the associate is realised, in a specified order reflecting the terms of their agreements.

The following describe the key assumptions on which management has based its calculation to undertake the impairment testing:

	2024
Discount rate	14%
Estimated selling price per Pyeong	HK$230,000

Discount rate – The discount rate used is before tax and reflects the specific risks relating to the associate's operation.

The value assigned to the discount rate and the estimated selling price per Pyeong are consistent with external information sources.

Based on the result of the impairment assessment, the recoverable amount of the investment amounting to HK$6,316,000 is lower than the carrying amount of the investment of HK$25,208,000 by HK$18,892,000. As a result, an impairment loss of HK$18,892,000 was recognised during the current year.

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.

19. INVESTMENT IN A JOINT VENTURE

Particulars of the joint venture are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of Ownership interest and profit sharing	Percentage of Voting power	Principal activity
S & Z International Limited	Ordinary shares	Hong Kong	45%	50%	Food factory, trading, online shop and food supplier business

The above investment is indirectly held by the Company. According to the shareholders' agreement, decisions affecting the relevant activities require unanimous approval of all directors of the joint venture.

19. INVESTMENT IN A JOINT VENTURE (Continued)

The following table illustrates the financial information of the Group's joint venture that is not individually material:

	2024 HK$'000	2023 HK$'000
Share of the joint venture's loss for the year *(note)*	–	–
Share of the joint ventures' total comprehensive income *(note)*	–	–
Carrying amount of the Group's investment in a joint venture	–	–

Note:

The amounts were less than HK$1,000.

The Group has discontinued the recognition of its share of losses of a joint venture, S & Z International Limited because the share of losses of the joint venture exceeded the Group's investment in the joint venture and the Group has no obligation to take up further losses. The amount of the Group's unrecognised share of losses of this joint venture for the current year and cumulatively was HK$Nil (2023: HK$119,000) and HK$120,000 (2023: HK$120,000) respectively.

20. DEFERRED TAXATION

The following are the major deferred tax (liabilities)/assets recognised and movements thereon during the current and prior years:

	Fair value gain on investment properties HK$'000
At 1 January 2023	(50,662)
Credited to profit or loss	2,883
At 31 December 2023 and 1 January 2024	**(47,779)**
Credited to profit or loss	**4,989**
At 31 December 2024	**(42,790)**

For the purpose of measuring deferred tax liabilities arising from investment properties that is measured using the fair value model, the directors have reviewed the Group's investment properties and determined whether the presumption to recover the carrying amount of investment properties through sale is rebutted. As at 31 December 2024, the directors determined that the presumption on one investment property was not rebutted. As a result, the Group did not recognise deferred tax on changes in fair value of that investment property as the Group would not subject to income tax on disposal of the investment property.

20. DEFERRED TAXATION (Continued)

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

	2024	2023
	HK$'000	HK$'000
Deferred tax assets	**5,627**	4,377
Deferred tax liabilities	**(48,417)**	(52,156)
	(42,790)	(47,779)

As at 31 December 2024, the Group had unutilised tax losses of HK$896,756,000 (2023: HK$486,318,000) and other deductible temporary differences of HK$232,145,000 (2023: HK$25,876,000) arising in Hong Kong, available for offset against future profits. No deferred tax asset has been recognised for such tax losses and other deductible temporary differences because future profit streams is not probable in the respective entities. Tax losses arising in Hong Kong may be carried forward indefinitely.

21. LOAN RECEIVABLES

	2024	2023
	HK$'000	HK$'000
Loan receivables	**53,590**	70,139
Analysis as:		
– Non-current portion	**44,198**	60,120
– Current portion *(note 22)*	**9,392**	10,019
Total	**53,590**	70,139

As at 31 December 2024 and 2023, loan receivables were secured by the property units of the borrowers and interest bearing at various rates ranging from Hong Kong prime rate quoted by the lending bank ("**P**") minus 2.25% to P (2023: P minus 2.25% to P) per annum.

Loans are provided to borrowers above at a range of 48% to 85% (2023: 48% to 85%) of sale consideration of the pledged property units. The directors of the Company consider that the net realisable value of the collaterals are higher than the carrying amount of loan receivables as at 31 December 2024 and 2023.

As at 31 December 2024 and 2023, all the loan receivables are neither past due nor credit-impaired.

21. LOAN RECEIVABLES (Continued)

The exposure of the Group's loan receivables to interest rate risks and their contractual maturity dates are as follows:

	2024 HK$'000	2023 HK$'000
Loan receivables		
Within one year	**9,392**	10,019
In more than one year but not more than two years	**9,660**	10,446
In more than two years but not more than five years	**21,996**	31,229
In more than five years	**12,542**	18,445
	53,590	70,139

The range of effective interest rates on the Group's loan receivables are as follows:

	2024	2023
Effective interest rate:		
– Loan receivables	**3% to 6%**	4% to 6%

Before accepting any new borrower, the Group's management would assess the potential borrower's credit quality and define credit limits by borrower. Certain well-established credit policies (i.e. reviewing property buyers' individual credit report) are used in assessing the credit quality, which mainly include understanding the background of the potential borrower and obtaining collaterals from the borrower. Loan interest rates are provided to potential borrowers on a case-by-case basis depending on the credit quality assessment and collaterals provided by the respective customers.

22. TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables from contracts with customers *(note (a))*	5,968	6,888
Lease receivables *(note (a))*	4,004	2,361
	9,972	9,249
Less: Allowance for credit losses	(1,926)	(2,144)
	8,046	7,105
Deposits and other receivables, and prepayments		
– Loan receivables *(note 21)*	9,392	10,019
– Loan interest receivables	134	146
– Rental deposits and other receivables *(note (b))*	26,779	39,134
– Prepayments	7,948	1,814
	44,253	51,113
Less: Allowance for credit losses	(2,287)	(2,287)
	41,966	48,826
	50,012	55,931
Analysis as:		
– Non-current portion	3,880	3,935
– Current portion	46,132	51,996
	50,012	55,931

22. TRADE AND OTHER RECEIVABLES (Continued)

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 HK$'000	2023 HK$'000
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
	8,046	7,105

The ageing of trade and lease receivables (net of allowance for doubtful debts) based on past due dates is as follows:

	2024 HK$'000	2023 HK$'000
Current	646	–
0–30 days past due	2,464	3,170
31–90 days past due	1,444	1,550
Over 90 days past due	3,492	2,385
	8,046	7,105

The Group recognised impairment loss on trade and lease receivables based on accounting policy stated in note 4.

The following table reconciles the impairment loss of trade and lease receivables for the year:

	2024 HK$'000	2023 HK$'000
At 1 January	2,144	1,388
(Reversal of impairment loss)/impairment loss recognised during the year	(218)	756
At 31 December	1,926	2,144

Details of impairment assessment of trade and lease receivables, rental deposits and other receivables are set out in note 38.

(b) *As at 31 December 2024, the balance included an other receivable with carrying amount of HK$3,880,000 (2023: HK$3,935,000). The amount is interest bearing at 0.003% and repayable in November 2032.*

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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. The fair value of this unlisted fund investment is measured using valuation technique with significant unobservable inputs and hence was classified as Level 3 of the fair value hierarchy.*

(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). The fair value of this unlisted participation note is measured using valuation technique with significant unobservable inputs and hence was classified as Level 3 of the fair value hierarchy.*

(c) *The balance represents the redemption derivative component in relation to the convertible bonds (note 31). 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 (note 18) 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. The fair value of this unlisted investment in bond is measured using valuation technique with significant unobservable inputs and hence was classified as Level 3 of the fair value hierarchy.*

24. INVENTORIES AND PROPERTIES HELD FOR SALE

	2024 HK$'000	2023 HK$'000
Inventories		
Finished goods – wine products	**11,980**	12,843
Properties held for sales *(note)*		
– Properties under development	**793,177**	1,094,801
– Completed properties	**710,607**	1,806,171
	1,503,784	2,900,972
Properties to be realised after one year	**793,177**	1,094,801

Note:

The properties under development are situated in Hong Kong.

In the opinion of the directors of the Company, all properties held for sale are expected to be realised in the business cycle of two to three years.

As at 31 December 2024, properties held for sale with aggregated amount of HK$1,435,963,000 (2023: HK$2,816,672,000) have been pledged to secure bank borrowings granted to the Group set out in note 30.

All of the above properties held for sale are to be sold within the normal operating cycle of the Group thus they are classified as current assets.

The leasehold land and building elements cannot be allocated in proportion to the relative carrying amounts and the entire properties are classified as properties held for sale.

The Group performed an assessment of net realisable of the Group's property projects on individual basis and recognised an aggregate write down of HK$185,679,000 (2023: HK$23,623,000) in cost of sales and services during the year.

25. STAKEHOLDERS' ACCOUNTS/PLEDGED BANK DEPOSIT/BANK BALANCES AND CASH

The amounts comprise stakeholders' accounts which are held by independent intermediaries for collecting sales receipts on the Group's behalf or retention payments for construction projects.

Pledged bank deposit represents bank deposit pledged to a bank for securing banking facilities grant to the Group set out in note 30.

The bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank balances carry interest at market rates which are as follows:

	2024	2023
Range of interest rate per annum:		
Bank balances	**0.001% to 0.55%**	0.001%–0.876%

Details of impairment assessment of stakeholders' accounts, pledged bank deposit and bank balances are set out in note 38.

26. TRADE AND OTHER PAYABLES

	2024 **HK$'000**	2023 HK$'000
Trade payables *(note (a))*	**514**	1,906
Retention payables *(note (b))*	**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 *(note (c))*	**–**	56,900
– Others	**5,293**	11,942
	184,526	245,981

26. TRADE AND OTHER PAYABLES (Continued)

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$'000	2023 HK$'000
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
	514	1,906

(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 (note 18) 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 (note 29).*

27. CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Sales of properties	9,981	8,816
Sale of fine wine	3,838	4,141
	13,819	12,957

SALE OF PROPERTIES

The Group usually receives 5% to 10% of the contract value as deposits from customers when they sign the sale and purchase agreement for sale of properties. The deposits result in contract liabilities being recognised until the customer obtains control of the completed property.

27. CONTRACT LIABILITIES (Continued)

TRADING OF FINE WINE

The contract liabilities relate to advance payments received from customers in respect of the sale of wine products. These receipts in advance are recognised as contract liabilities until the control of the wine products is passed to the customers.

Movement of the Group's contract liabilities are set out as follows:

	2024 HK$'000	2023 HK$'000
Balance as at beginning of year	12,957	19,216
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(12,957)	(19,216)
Increase in contract liabilities as a result of receiving receipts in advance from the customers that the goods have not yet transferred and not yet accepted by the customers	13,819	12,957
Balance as at end of year	13,819	12,957

28. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Derivative financial instruments – price protection	9,204	–

During the current year, pursuant to the pricing term of sale contracts with certain property buyers, those buyers shall be eligible for price protection if the average property price index from the month after the signing of the preliminary agreement for sale and purchase ("**PASP**") to December 2024 is lower than the original property price index at the month of signing of the PASP. The price protection clause in the contracts is accounted for as derivative financial liability. Change in fair value of the derivatives of HK$9,204,000 (2023: Nil) was recognised in profit and loss for the year.

The fair value of the derivative financial instruments is derived from an observable price index and hence was classified as Level 2 of the fair value hierarchy.

29. AMOUNTS DUE FROM/TO RELATED COMPANIES/A DIRECTOR/AN ASSOCIATE/ A JOINT VENTURE

The amounts due from/to related companies were interest-free, unsecured and repayable on demand. As at 31 December 2024 and 2023, a director of the Company has significant influence over the related companies. The maximum outstanding amount for the amount due from the related company during the year ended 31 December 2024 was HK$4,000.

The amount due to a director is unsecured and repayable on demand. The balance is interest bearing at 7.0% to 7.5% (2023: 6.5% to 7.5%) per annum.

As at 31 December 2024, the amount due from an associate was unsecured, interest-free and expected to be repayable more than 12 months after the end of the reporting period (2023: within one year). During the current year, the associate undertook the loans from shareholders of the associate (note 26(c)) owing by the Group of KRW9,440,000,000 (equivalents to HK$53,360,000) as partial settlement and the remainder of the balance was utilised to fulfill part of the subscription for a bond issued by the associate (note 23(d)). The difference between the carrying amount of the amount due from an associate of HK$56,110,000 and the fair value of the bond of HK$49,634,000 at the subscription date (i.e. 31 July 2024) amounted to HK$6,476,000 (2023: Nil) was recognised in profit or loss as loss on derecognition of amount due from an associate.

The amount due from a joint venture is unsecured, interest-bearing at 0.42% per month and repayable in 2024. The balance was assessed to be credit-impaired and the ECL was calculated based on lifetime basis and an impairment loss of HK$2,750,000 was recognised to profit or loss during the year ended 31 December 2023.

The following table reconciles the impairment loss of the amount due from a joint venture for the year:

	2024 **HK$'000**	2023 HK$'000
At 1 January	**2,750**	–
Impairment loss recognised during the year	**–**	2,750
At 31 December	**2,750**	2,750

30. BORROWINGS

	2024 HK$'000	2023 HK$'000
Borrowing from financial institutions	**53,000**	183,728
Bank borrowings	**1,180,401**	1,885,199
Other borrowing	**5,277**	–
	1,238,678	2,068,927
Analysis as:		
– Current portion	**1,224,429**	2,068,927
– Non-current portion	**14,249**	–
	1,238,678	2,068,927
Scheduled payment terms of borrowings contain a repayment on demand clause (shown under current liabilities):		
– Within one year	**1,127,393**	1,925,116
– In more than one year but not more than two years	**20,479**	87,340
– In more than two years but not more than five years	**25,657**	42,399
– More than five years	**50,520**	13,349
Total	**1,224,049**	2,068,204
Scheduled payment terms of borrowings without demand clause:		
– Within one year	**380**	723
– In more than one year but not more than two years	**8,972**	–
– In more than two years but not more than five years	**5,277**	–
Total	**14,629**	723

30. BORROWINGS (Continued)

The exposure of the Group's borrowings and the contractual maturity dates (or reset dates) are as follows:

	2024 **HK$'000**	2023 HK$'000
Variable-rate borrowings:		
Within one year	**1,127,773**	1,837,112
In more than one year but not more than two years	**29,451**	87,340
In more than two years but not more than five years	**25,657**	42,399
More than five years	**50,520**	13,349
	1,233,401	1,980,200
Fixed-rate borrowing:		
Within one year	**–**	88,727
In more than two years but not more than five years	**5,277**	–
	5,277	88,727
	1,238,678	2,068,927

The Group's variable-rate borrowings carry interest at Hong Kong Interbank Offered Rate ("**HIBOR**"), Hong Kong Prime Lending Rate and three-month certificate of deposit rate in South Korea.

During the year, the Group borrowed a loan from the holding company of a shareholder of the associate (note 18) amounting to KRW1 billion (equivalent to HK$5,277,000) (2023: Nil). The loan carries interest at 4.6% per annum and repayable on 31 December 2027.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2024 **HK$'000**	2023 HK$'000
Effective interest rates:		
– Fixed-rate borrowing	**4.60%**	18.00%
– Variable-rate borrowings	**4.13% to 9.2%**	4.81% to 10.79%

30. BORROWINGS (Continued)

Borrowings are secured by the following assets of the Group:

	2024 HK$'000	2023 HK$'000
Properties held for sale		
– Properties under development	**793,177**	1,094,801
– Completed properties	**642,786**	1,721,871
	1,435,963	2,816,672
Investment properties	**693,175**	725,775
Pledged bank deposit	**10,000**	10,000
Total	**2,139,138**	3,552,447

As at 31 December 2024, a bank borrowing of the Group is also secured by certain properties located in South Korea owned by a company controlled by a director of the Company.

Certain credit facilities of the Group are subject to the fulfilment of covenants relating to financial ratios of respective subsidiaries, financial ratios and total tangible net worth of the Group and shareholding of the Company's director, Mr. Joe Chan in the Company of not less than 60%. If the Group breaches the covenants, the drawn down facilities will become repayable on demand.

As at 31 December 2024, the Group has breached certain financial ratios of the Group in relation to bank borrowings with aggregate carrying amount of HK$420,900,000 (2023: HK$467,970,000). These bank borrowings are classified as current liabilities and included in bank borrowings scheduled for repayment within one year above.

31. CONVERTIBLE BONDS

On 22 October 2020, the Company issued 3% convertible bonds with nominal value of HK$418,000,000 as part of the consideration for the Combination (as defined in note 32). The convertible bonds are perpetual in term and have no maturity date with a principal amount denominated in HK$ 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.

31. CONVERTIBLE BONDS (Continued)

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 JLL 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 HK$'000	Liability component HK$'000	Equity component HK$'000	Total HK$'000
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)**

31. CONVERTIBLE BONDS (Continued)

The fair value measurement of the redemption option derivative component is a Level 3 fair value measurement.

The major inputs for the fair value of the redemption option derivative component of the convertible bonds at the end of the reporting period are as follows:

	2024	2023
	HK$'000	HK$'000
Share price	**0.153**	0.215
Conversion price	**HK$0.5**	HK$0.5
Risk-free rate	**4.00%**	3.58%
Volatility	**51.07%**	51.13%

32. SHARE CAPITAL AND RESERVES

The movements in share capital of the Company are as follows:

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,000,000,000	10,000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	641,498,000	6,415

The new shares rank pari passu with the existing shares in all respects.

Movements of the reserves of the Group and the Company are set out in the consolidated statement of changes in equity and note 41 respectively.

32. SHARE CAPITAL AND RESERVES (Continued)

Notes on reserves of the Group:

a. On 13 July 2016, Mr. Joe Chan and Mr. Lam Kin Kok, being the directors and controlling shareholders of the Company at that time, waived the balances due to them of HK$174,420,000 and HK$15,580,000, respectively. The aggregate amount of HK$190,000,000 had been capitalised as shareholders' contribution. During the year ended 31 December 2022, Mr. Joe Chan waived an additional amount due to him of HK$3,911,000 resulting in an increase in the shareholders' contribution.

b. On 21 July 2020, the Company and Metropolitan Lifestyle (BVI) Limited (the "**Vendor**") entered into a sale and purchase agreement for the purchase of (i) the entire issued share capital of Metropolitan Group (BVI) Limited ("**Metropolitan**") (the "**Sale Share**"); and (ii) all obligation, liabilities and debts owing or incurred by Metropolitan and its subsidiaries (collectively "**Metropolitan Group**") to the Vendor on or at any time prior to the completion date of the acquisition (the "**Sale Loan**") at an aggregate nominal consideration of HK$460,000,000 (the "**Combination**"). The consideration was satisfied by cash of HK$42,000,000 and issuance of convertible bonds by the Company with principal amount of HK$418,000,000. The Combination is accounted for by applying principles of merger accounting in accordance with AG 5 as the Company and Metropolitan were under the common control of Mr. Joe Chan, the controlling shareholder of the Company. The difference arising from the aggregate consideration, as adjusted with fair value of the convertible bonds, given by the Company for the Sale Share and Sale loan as adjusted for the elimination of the share capital of Metropolitan, is accounted for in equity as merger reserve. Merger reserve arising from the Combination completed on 22 October 2020 was HK$150,227,000.

33. SHARE-BASED PAYMENT TRANSACTIONS

The Group adopted a share option scheme on 27 June 2016 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to provide any directors, full-time employees of any member of the Group and other eligible participants who have contributed or will contribute to the Group (the "**Participants**") with the opportunity to acquire proprietary interests in the Company and to encourage the Participants to work towards enhancing the value of the Company and its shares for the benefit the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the Participants.

Pursuant to the Share Option Scheme, the directors of the Company may invite the Participants to take up options at a price determined by the Board of Directors provided that it shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date on which an offer is made by the Company to the grantee (which date must be a business day, "**Offer Date**"); (b) a price being the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (c) the nominal value of a share of the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 30% of the total number of shares in issue from time to time unless the Company obtains a fresh approval from the shareholders to refresh the limit.

33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not, in aggregate, exceed either (i) 30% of the issued share capital of the Company from time to time or (ii) 10% of the issued share capital of the Company as at the 13 July 2016 (without taking into account the shares which may be issued and allotted pursuant to the exercise of the over-allotment option and the options which may be or have been granted under the Share Option Scheme) (the "**Existing Scheme Mandate Limit**") unless shareholders' approval has been obtained. No options may be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the said 30% limit being exceeded. The Company has obtained the shareholders' approval to refresh the Existing Scheme Mandate Limit on 26 January 2021.

The option may be exercised in accordance with the terms of the Share Option Scheme at any time during the option period which would be determined and notified by the Board of Directors to the grantee at the time of making an offer.

There was no share option granted during both years.

The following table discloses movements of the Company's number of share options granted to certain directors and employees during the year:

FOR THE YEAR ENDED 31 DECEMBER 2024

		Number of share options			
Option type	**Outstanding at 1 January**	**Granted during the year**	**Lapsed during the year**	**Cancelled during the year**	**Outstanding at 31 December**
Directors	**16,111,200**	**–**	**–**	**–**	**16,111,200**
Employees	**14,146,400**	**–**	**(5,900,000)**	**–**	**8,246,400**
	30,257,600	**–**	**(5,900,000)**	**–**	**24,357,600**

FOR THE YEAR ENDED 31 DECEMBER 2023

		Number of share options			
Option type	Outstanding at 1 January	Granted during the year	Lapsed during the year	Cancelled during the year	Outstanding at 31 December
Directors	16,111,200	–	–	–	16,111,200
Employees	14,896,400	–	(750,000)	–	14,146,400
	31,007,600	–	(750,000)	–	30,257,600

No share options were exercised during both years.

33. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

The number and weighted average exercise prices of share options are as follows:

	2024		2023	
	Weighted average exercise price HK$	Number of share options	Weighted average exercise price HK$	Number of share options
Outstanding at 1 January	0.47	30,257,600	0.47	31,007,600
Lapsed during the year	(0.42)	(5,900,000)	(0.42)	(750,000)
Outstanding at 31 December	0.49	24,357,600	0.47	30,257,600
Exercisable at 31 December	0.49	24,357,600	0.47	30,257,600

For share options outstanding at the end of the reporting period, the range of exercise prices is HK$0.41 to HK$0.98 (2023: HK$0.41 to HK$0.98) and weighted average remaining contractual life is 6 years (2023: 7 years).

34. DISPOSAL OF A SUBSIDIARY

On 27 July 2023, the Group entered into a sale and purchase agreement with an independent third party to dispose of 100% equity interest of Advalue Group Limited ("**Advalue**") and all debts owing by Advalue to the Group at a total consideration of HK$58,000,000. Advalue was incorporated in Hong Kong and principally engaged in property investment. The disposal was completed during the year.

The assets and liabilities of Advalue at the date of disposal were:

	HK$'000
Investment property	58,000
Deposits and other receivables	74
Accruals	(2)
Net assets value of Advalue disposed of	58,072
	58,072
Less:	
Loss on disposal of a subsidiary included in loss for year	(72)
Total consideration	58,000
Satisfied by:	
Cash	58,000
Cash inflow arising on disposal:	
Cash	58,000

35. CAPITAL COMMITMENTS

	2024 HK$'000	2023 HK$'000
Capital expenditure in respect of the property development projects contracted for but not provided in the consolidated financial statements	12,955	12,577

36. 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.

	Convertible bond-liability component HK$'000	Borrowings HK$'000	Amount due to a director HK$'000	Interest payables HK$'000	Lease liabilities HK$'000	Loans from shareholders of an associate HK$'000	Total HK$'000
At 1 January 2024	95,151	2,068,927	82,188	2,381	50,236	56,900	2,355,783
Cash inflow/(outflow):							
Borrowings raised	–	109,537	–	–	–	–	109,537
Repayment of borrowings	–	(938,656)	–	–	–	–	(938,656)
Lease payments	–	–	–	–	(20,875)	–	(20,875)
Advances from a director	–	–	41,200	–	–	–	41,200
Repayments of advances from a director	–	–	(49,013)	–	–	–	(49,013)
Interest paid	(40,059)	–	(7,439)	(126,484)	–	–	(173,982)
Non-cash transactions:							
New leases	–	–	–	–	14,333	–	14,333
Lease modification	–	–	–	–	(1,789)	–	(1,789)
Interest expense	5,570	–	7,439	127,013	3,401	–	143,423
Undertaken by an associate	–	–	–	–	–	(53,360)	(53,360)
Exchange realignment	–	(1,130)	–	–	–	(3,540)	(4,670)
At 31 December 2024	60,662	1,238,678	74,375	2,910	45,306	–	1,421,931

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (Continued)

	Convertible bond-liability component HK$'000	Borrowings HK$'000	Amount due to a director HK$'000	Interest payables HK$'000	Lease liabilities HK$'000	Loans from shareholders of an associate HK$'000	Total HK$'000
At 1 January 2023	88,208	2,691,858	143,621	6,525	46,965	58,552	3,035,729
Cash inflow/(outflow):							
Borrowings raised	–	1,265,258	–	–	–	–	1,265,258
Repayment of borrowings	–	(1,888,164)	–	–	–	–	(1,888,164)
Lease payments	–	–	–	–	(20,627)	–	(20,627)
Repayments of advances from a director	–	–	(61,433)	–	–	–	(61,433)
Interest paid	–	–	(9,398)	(205,364)	–	–	(214,762)
Non-cash transactions:							
New leases	–	–	–	–	20,609	–	20,609
Interest expense	6,943	–	9,398	201,220	3,289	–	220,850
Exchange realignment	–	(25)	–	–	–	(1,652)	(1,677)
At 31 December 2023	95,151	2,068,927	82,188	2,381	50,236	56,900	2,355,783

37. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders and maintaining an adequate capital structure. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of net debts (which includes borrowings and convertible bonds – liability component, net of cash and cash equivalents) and equity attributable to owners of the Company, comprising fully paid share capital and reserves.

The management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends and new shares issues as well as the issue of new debt and redemption of existing debt.

The net debt to equity ratio at the end of reporting period was as follows:

	2024 HK$'000	2023 HK$'000
Debts	**1,299,340**	2,164,078
Less: bank balances and cash	**(28,855)**	(46,919)
Net debts	**1,270,485**	2,117,159
Equity attributable to owners of the Company	**817,538**	1,430,083
Net debt to equity ratio	**155%**	148%

38. FINANCIAL INSTRUMENTS

A. CATEGORIES OF FINANCIAL INSTRUMENTS

	2024 HK$'000	2023 HK$'000
Financial assets		
Financial assets at FVTPL	**54,999**	7,742
Financial assets at amortised cost	**144,998**	302,919
	199,997	310,661
Financial liabilities		
Financial liabilities at FVTPL	**9,204**	–
Financial liabilities at amortised cost	**1,537,734**	2,471,102
Lease liabilities	**45,306**	50,236
	1,592,244	2,521,338

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include financial assets at FVTPL, loan receivables, trade and other receivables, amounts due from a joint venture, an associate and related companies, stakeholders' accounts, pledged bank deposit, bank balances, trade and other payables, amount due to a director, amounts due to related companies, financial liabilities at FVTPL, borrowings and convertible bonds – liability component. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed rate loans from a financial institution and the holding company of a shareholder of the associate and investment in bond. Besides, loan receivables, pledged bank deposit, bank balances and borrowings at floating rates expose the Group to cash flow interest rate risk as at end of the reporting period. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR and Hong Kong Prime Lending Rate arising from the Group's Hong Kong dollars denominated variable-rate borrowings and fluctuation of Hong Kong Prime Lending Rate arising from the Group's Hong Kong dollars denominated variable-rate loan receivables.

38. FINANCIAL INSTRUMENTS (Continued)

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to cash flow interest rate risk for loan receivables and borrowings. The analysis is prepared assuming the loan receivables and borrowings outstanding at the end of the reporting period were outstanding for the whole year. 50 (2023: 50) basis points increase or decrease represents the assessment of the management of the Group on the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2024 would be increased by HK$4,185,000 (2023: HK$7,044,000). This is attributable to the Group's exposure to interest rates on its variable-rate loan receivables and borrowings.

The directors of the Company consider interest rate exposure to stakeholders' accounts, pledged bank deposit and bank balances to be immaterial.

Currency risk

The Group's primary foreign exchange exposure arises from its operations in South Korea where commercial transactions, assets and liabilities are mainly denominated in United States dollars and Korean Won. 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. The Group maintains an appropriate level of external borrowings in Korean Won for natural hedging of Korean Won transactions attributed to the operations.

The directors of the Company are of the opinion that the Group has not experienced any material difficulties or liquidity in 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.

Credit risk and impairment provision

As at 31 December 2024 and 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets except that the credit risks associated with loan receivables and lease receivables are mitigated because they are secured over properties or rental deposits. There are no significant changes in the quality of that collateral as a result of deterioration or changes in the collateral policies of the entity during both reporting periods.

Trade receivables from contract with customers and lease receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade and lease receivables individually or based on provision matrix.

38. FINANCIAL INSTRUMENTS (Continued)

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment provision (Continued)

Loan receivables, loan interest receivables, other receivables, amounts due from an associate and a joint venture, stakeholders' accounts, pledged bank deposit and bank balances

The Group performs impairment assessment under ECL model of HKFRS 9 on loan receivables, loan interest receivables, other receivables, amounts due from an associate and a joint venture, stakeholders' accounts, pledged bank deposit and bank balances based on 12m ECL or lifetime ECL.

The credit risk on loan receivables and loan interest receivables are limited because all loan receivables are pledged with the property units of the borrowers whose net realisable value are larger than the carrying amounts of the individual loan receivables.

The credit risk on other receivables (other than a receivable from a shareholder of a joint venture) and an amount due from an associate is limited because the counterparties have no historical default record and the directors expect that the general economic conditions will not significantly change for the 12 months after the reporting date. The receivable from a shareholder of a joint venture (included in other receivable) and an amount due from a joint venture (note 29) of HK$2,287,000 (2023: HK$2,287,000) and HK$2,750,000 (2023: HK$2,750,000) respectively are considered credit-impaired that impairment loss of these balances was assessed based on lifetime ECL. Full provision was made in respect of the balances as at 31 December 2024 and 2023.

The credit risk on stakeholders' accounts is limited because the counterparties are independent intermediaries who are governed and monitored by the relevant regulatory body.

The credit risk on pledged bank deposit and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Save for the above, based on the Group's internal credit rating, no impairment loss allowance is recognised for loan receivables, loan interest receivables, other receivables, amount due from an associate, stakeholders' accounts, pledged bank deposit and bank balances as the amount of ECL on these balances is immaterial.

The Group is exposed to concentration of credit risk on:

- Loan receivables which are provided to individual third parties with no history of default;
- An amount due from an associate with no history of default;
- Liquid funds which are deposited with several banks with high credit ratings; and
- The Group's concentration of credit risk by geographical locations is in Hong Kong and South Korea as trade receivables, lease receivables and loan receivables are mainly arisen in Hong Kong for both years and the amount due from an associate is arisen in South Korea.

Other than above, the Group does not have any other significant concentration of credit risk.

38. FINANCIAL INSTRUMENTS (Continued)

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment provision (Continued)

The tables below show the internal credit policy of the Group:

Internal credit rating	Description	Trade receivables/ lease receivables	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

38. FINANCIAL INSTRUMENTS (Continued)

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment provision (Continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amount 2024 HK'000	Gross carrying amount 2023 HK'000
Financial assets at amortised cost						
Trade receivables from contract with customers	*22*	N/A	*(note)*	Lifetime ECL (provision matrix)	**5,968**	6,888
Lease receivables	*22*	N/A	*(note)*	Lifetime ECL (provision matrix)	**4,004**	2,361
Loan receivables	*21*	N/A	Low risk	12m ECL	**53,590**	70,139
Loan interest receivables	*22*	N/A	Low risk	12m ECL	**134**	146
Rental deposits and other receivables	*22*	N/A	Low risk/ Loss	12m ECL/ Lifetime ECL	**26,779**	39,134
Amount due from an associate	*29*	N/A	Low risk	12m ECL	**3,655**	100,520
Amount due from a joint venture	*29*	N/A	Loss	Lifetime ECL	**2,750**	2,750
Amounts due from related companies	*29*	N/A	Low risk	12m ECL	**3**	1
Stakeholders' accounts	*25*	N/A	Low risk	12m ECL	**16,223**	31,242
Pledged bank deposit	*25*	AA+	N/A	12m ECL	**10,000**	10,000
Bank balances	*25*	AA+	N/A	12m ECL	**28,855**	46,919

Note: For trade and lease receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the ECL on these items by using a provision matrix, grouped by past due status, nature, size and industry of debtors.

38. FINANCIAL INSTRUMENTS (Continued)

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment provision (Continued)

Trade and lease receivables

The following tables provide information about the Group's exposure to credit risk and ECLs for trade and lease receivables as at 31 December 2024 and 2023:

31 December 2024	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.00%	646	–
0–30 days past due	8.98%	2,707	(243)
31–90 days past due	17.86%	1,758	(314)
Over 90 days past due	28.16%	4,861	(1,369)
		9,972	(1,926)

31 December 2023	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000
Current (not past due)	0.00%	–	–
0–30 days past due	4.20%	3,309	(139)
31–90 days past due	10.40%	1,730	(180)
Over 90 days past due	43.35%	4,210	(1,825)
		9,249	(2,144)

Expected loss rates are based on actual loss experience over the past two years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The Groups holds security deposits as collaterals over the lease receivables.

38. FINANCIAL INSTRUMENTS (Continued)

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk and impairment provision (Continued)

Trade and lease receivables (Continued)

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its trade and lease receivables because these customers consist of a number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Trade and lease receivables are assessed based on provision matrix within lifetime ECL (not credit-impaired).

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

During the year ended 31 December 2024, a reversal of impairment loss of HK$218,000 (2023: an impairment loss of HK$756,000) is recognised based on the amount of ECL on trade and lease receivables.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, borrowings with a repayable on demand clause are included in the earliest time band regardless of the probability of the counterparties choosing to exercise their rights.

38. FINANCIAL INSTRUMENTS (Continued)

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Liquidity table

	Effective interest rate %	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 December 2024							
Trade and other payables	–	131,655	–	–	–	131,655	131,655
Retention payables	–	32,362	–	–	–	32,362	32,362
Financial liabilities at FVTPL	–	9,204	–	–	–	9,204	9,204
Amount due to a director	7.00 to 7.50	74,375	–	–	–	74,375	74,375
Amounts due to related companies	–	2	–	–	–	2	2
Borrowings							
– variable rate	4.13 to 9.20	1,225,216	9,301	–	–	1,234,517	1,233,401
– fixed rate	4.60	–	–	5,500	–	5,500	5,277
Convertible bonds							
– liability component	7.87	–	–	–	100,389	100,389	60,662
Lease liabilities	4.58 to 9.64	19,398	14,227	15,582	2,687	51,894	45,306
		1,492,212	23,528	21,082	103,076	1,639,898	1,592,244

	Effective interest rate %	Repayable on demand or less than 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 December 2023							
Trade and other payables	–	182,553	–	–	–	182,553	182,553
Retention payables	–	42,281	–	–	–	42,281	42,281
Amount due to a director	6.50 to 7.50	82,188	–	–	–	82,188	82,188
Amounts due to related companies	–	2	–	–	–	2	2
Borrowings							
– variable rate	4.81 to 10.79	1,980,211	–	–	–	1,980,211	1,980,200
– fixed rate	18.00	88,727	–	–	–	88,727	88,727
Convertible bonds							
– liability component	7.87	–	–	–	100,389	100,389	95,151
Lease liabilities	4.58 to 9.64	19,237	14,053	19,270	5,389	57,949	50,236
		2,395,199	14,053	19,270	105,778	2,534,300	2,521,338

38. FINANCIAL INSTRUMENTS (Continued)

B. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

Borrowings with a repayment on demand clause are included in the "**repayable on demand or less than 1 year**" time band in the above maturity analysis. As at 31 December 2024, the aggregate carrying amounts of these borrowings amounted to HK$1,224,049,000 (2023: HK$2,068,204,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks/financial institution will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. Aggregate principal and interest cash outflows are set out below:

	Effective interest rate %	Within 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 December 2024							
Borrowings							
– variable rate	**4.13 to 9.20**	**1,170,876**	**24,421**	**31,232**	**70,310**	**1,296,839**	**1,224,049**

	Effective interest rate %	Within 1 year HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 31 December 2023							
Borrowings							
– variable rate	4.81 to 10.79	1,888,592	93,204	45,533	20,502	2,047,831	1,979,477
– fixed rate	18.00	96,322	–	–	–	96,322	88,727
		1,984,914	93,204	45,533	20,502	2,144,153	2,068,204

C. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's financial assets at FVTPL and financial liabilities at FVTPL are measured at fair value at the end of each reporting period.

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

38. FINANCIAL INSTRUMENTS (Continued)

C. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2024				
Financial assets at FVTPL:				
– Unlisted investment funds	**–**	**–**	**3,258**	**3,258**
– Unlisted participate note	**–**	**–**	**1,519**	**1,519**
– Derivative financial instruments				
– redemption option	**–**	**–**	**1,952**	**1,952**
– Unlisted investment in bond	**–**	**–**	**48,270**	**48,270**
	–	**–**	**54,999**	**54,999**
Financial liabilities at FVTPL:				
– Derivative financial instruments				
– price protection	**–**	**9,204**	**–**	**9,204**
At 31 December 2023				
Financial assets at FVTPL:				
– Unlisted investment funds	–	–	3,641	3,641
– Unlisted participate note	–	–	1,519	1,519
– Derivative financial instruments				
– redemption option	–	–	2,582	2,582
	–	–	7,742	7,742

During the year, there were no transfers between Level 1 and Level 2, nor transfers into and out of Level 3.

38. FINANCIAL INSTRUMENTS (Continued)

C. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (level 3) is as follows:

	2024 HK$'000	2023 HK$'000
Unlisted investment in bond		
At 1 January	–	–
Subscription	49,634	–
Unrealised fair value gain	2,064	–
Exchange realignment	(3,428)	–
At 31 December	48,270	–

	2024 HK$'000	2023 HK$'000
Unlisted investment funds		
At 1 January	3,641	4,610
Redemption of capital	–	(1,553)
Unrealised fair value (loss)/gain	(383)	584
At 31 December	3,258	3,641

	2024 HK$'000	2023 HK$'000
Unlisted participate note		
At 1 January and 31 December	1,519	1,519

38. FINANCIAL INSTRUMENTS (Continued)

C. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

	2024 HK$'000	2023 HK$'000
Derivative financial instruments – redemption option		
At 1 January	**2,582**	10,773
Unrealised fair value loss	**(630)**	(8,191)
At 31 December	**1,952**	2,582

The valuation techniques as at 31 December 2024 and 2023 are as follows:

Information about level 3 fair value measurements

The fair value of the unlisted investment in bond with profit participation feature is measured based on a valuation conducted by JLL at the subscription date (i.e. 31 July 2024) and at the end of the reporting period. The fair value of the bond is determined based on the present value of the projected repayment (including the principal, accrued interest as well as profit participation, if any) based on the terms of the bond agreement.

The major inputs for the fair value of the bond at the subscription date and the end of the reporting period are as follows:

	31 December 2024	31 July 2024
Risk-free rate	**2.80%**	3.04%
Credit risk premium	**2.60%**	2.63%
Liquidity premium	**1.50%**	1.50%

The higher the rates above in isolation will result in lower fair value of the unlisted investment in bond.

The fair value of the redemption option is measured based on assumptions set out in note 31.

The fair values of the unlisted investment funds and unlisted participation note are measured based on net asset value of the underlying investments in the fund or the note determined by external counter-parties.

There were no changes in valuation techniques during both years.

39. RELATED PARTY DISCLOSURES

(I) TRANSACTIONS

Save as disclosed in notes 23(d) and 29, the Group had the following transactions with related parties during the year:

Name of related parties	Nature of transaction	2024 HK$'000	2023 HK$'000
Mr. Joe Chan (director)	Interest expense *(note (a))*	**7,439**	9,398
Vogue City Limited (“**Vogue City**”)	Purchase of a motor vehicle *(note (b))*	**–**	150
Vogue Town Limited (“**Vogue Town**”)	Wine trading income *(note (c))*	**(105)**	(95)
	Rental expense *(note (d))*	**2,390**	2,400
Rabbit & Turtle Company Limited (“**Rabbit**”)	Consultancy fee *(note (e))*	**–**	3,924
Galaxy Asset Management Hong Kong Limited (“**Galaxy Asset**”)	Service fee income *(note (f))*	**–**	(120)
Bigtriangle PFV Co. Ltd. (“**Bigtriangle**”)	Business management fee income *(note (g))*	**3,705**	3,942
Ms. Chan Hang Mei	Sale of a property unit *(note (h))*	**–**	5,949

Notes:

(a) *The loan from a director carried interest at 7.0% to 7.5% (2023: 6.5% to 7.5%) per annum.*

(b) *The purchase price of the motor vehicle was determined based on a price agreed by both parties.*

(c) *Wine trading income is received from Vogue Town at a price agreed by both parties.*

(d) *The rental expense charged by Vogue Town for the residential apartment for the Company's director Mr. Joe Chan was based on a price agreed by both parties.*

(e) *Consultancy fee payable to Rabbit was determined based on agreed terms set out in relevant consultancy agreements.*

(f) *Service fee income was received from Galaxy Asset at a price agreed by both parties.*

(g) *Business management fee receivable from Bigtriangle was determined based on a price specified in the shareholders' agreement of Bigtriange.*

(h) *The sale consideration of the property unit was determined based on quoted price in pre-sale price list of the property project.*

39. RELATED PARTY DISCLOSURES (Continued)

(I) TRANSACTIONS (Continued)

A director of the Company has significant influence over the above related companies above.

Ms. Chan Hang Mei is the sister of Mr. Joe Chan, a director of the Company.

(II) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The directors of the Company are identified as key management members of the Group, and their compensations during the years ended 31 December 2024 and 2023 are set out in note 11.

40. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY

Details of the Company's major subsidiaries as at 31 December 2024 and 2023 are disclosed as follows:

Name of subsidiary	Place or incorporation/ operation	Paid up capital	Proportion of ownership interest held by the Company		Proportion of voting power held by the Company		Directly held/ indirectly held by the Company	Principal activities
			2024	2023	**2024**	2023		
Star Properties Group (BVI) Limited	BVI	Ordinary shares US$100	**100%**	100%	**100%**	100%	Directly	Investment holding
Fountain Inc Limited	Hong Kong	Ordinary share HK$10,000	**100%**	100%	**100%**	100%	Indirectly	Property investment
Spring Moon Investments Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Property development
Star Property Management (HK) Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Investment holding and provision of property management services
Star Security Services Company Limited	Hong Kong	Ordinary shares HK$100,000	**100%**	100%	**100%**	100%	Indirectly	Provision of Security Services
Star Finance (H.K.) Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Provision of finance
Sincere Gold Properties Limited	Hong Kong	Ordinary shares HK$200,000	**100%**	100%	**100%**	100%	Indirectly	Property development
Diamond Ocean Investments Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Property development
Noble Energy Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Property development
Autumn Creek (H.K.) Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Property development
Star Construction (H.K.) Limited	Hong Kong	Ordinary share HK$7,000,000	**100%**	100%	**100%**	100%	Indirectly	Provision of construction and fitting out works
G Galaxy Capital Company Limited	BVI	Ordinary share US$1	**100%**	100%	**100%**	100%	Directly	Investment holding

40. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's major subsidiaries as at 31 December 2024 and 2023 are disclosed as follows: (Continued)

Name of subsidiary	Place or incorporation/ operation	Paid up capital	Proportion of ownership interest held by the Company		Proportion of voting power held by the Company		Directly held/ indirectly held by the Company	Principal activities
			2024	2023	2024	2023		
Crystal Cay Assets Ltd.	BVI	Ordinary share US$2	**100%**	100%	**100%**	100%	Directly	Investment holding
Creative Sky Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Property holding
Far Orient International Limited	BVI	Ordinary share US$1	**100%**	100%	**100%**	100%	Indirectly	Property holding
Golden Green Corporation Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Property holding
Grand Silver (Hong Kong) Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Property holding
Manhattan Corporation Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Property investment
Numeric City Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Property investment
Rainbow Value Investments Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Property holding
Sunny Generation Limited	Hong Kong	Ordinary shares HK$2	**100%**	100%	**100%**	100%	Indirectly	Property holding
Wise City Holdings Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Property investment
Golden Abacus Global Limited	Hong Kong	Ordinary share HK$1	**100%**	100%	**100%**	100%	Indirectly	Investment holding
Eternal Great Development Limited	Hong Kong	Ordinary shares HK$9,000	**100%**	100%	**100%**	100%	Indirectly	Property investment
Mark Wealthy Limited	Hong Kong	Ordinary shares HK$10,000	**100%**	100%	**100%**	100%	Indirectly	Property investment
Star Properties Korea Limited	South Korea	Ordinary shares KRW 110 million	**100%**	100%	**100%**	100%	Indirectly	Investment holding and project management service
Seongsu Vision Co. Limited	South Korea	Ordinary shares KRW 510 million	**100%**	100%	**100%**	100%	Indirectly	Property management
Metropolitan Lifestyle Holdings (BVI) Limited	BVI	Ordinary share US$1	**100%**	100%	**100%**	100%	Directly	Investment holding
Metropolitan Fine Wine Limited	Hong Kong	Ordinary shares HK$10,000	**80.75%**	80.75%	**80.75%**	80.75%	Indirectly	Wine Trading

40. PARTICULARS OF MAJOR SUBSIDIARIES OF THE COMPANY (Continued)

Details of the Company's major subsidiaries as at 31 December 2024 and 2023 are disclosed as follows: (Continued)

Name of subsidiary	Place or incorporation/ operation	Paid up capital	Proportion of ownership interest held by the Company		Proportion of voting power held by the Company		Directly held/ indirectly held by the Company	Principal activities
			2024	2023	2024	2023		
Metropolitan Apartment Limited	Hong Kong	Ordinary shares HK$100	85%	85%	85%	85%	Indirectly	Operation of serviced apartments
Metropolitan Workshop Limited	Hong Kong	Ordinary shares HK$100	85%	85%	85%	85%	Indirectly	Provision of virtual office and workshops
Metropolitan Wine Cellar Limited	Hong Kong	Ordinary shares HK$10,000	80.75%	80.75%	80.75%	80.75%	Indirectly	Wine storage services
Noble Empire Investments Limited	Hong Kong	Ordinary share HK$1	80.75%	80.75%	80.75%	80.75%	Indirectly	Investment holding
Metropolitan Storage Limited	Hong Kong	Ordinary shares HK$100	78%	78%	78%	78%	Indirectly	Operation of storage
LCKI Luck Limited	Hong Kong	Ordinary share HK$1	78%	78%	78%	78%	Indirectly	Head tenant service
Metro Luck Development Limited	Hong Kong	Ordinary share HK$1	78%	78%	78%	78%	Indirectly	Head tenant service
NT Luck Limited	Hong Kong	Ordinary share HK$1	78%	78%	78%	78%	Indirectly	Head tenant service
NTII Luck Limited	Hong Kong	Ordinary share HK$1	78%	78%	78%	78%	Indirectly	Head tenant service
Charm Luck (Hong Kong) Limited	Hong Kong	Ordinary share HK$1	78%	78%	78%	78%	Indirectly	Head tenant service
Cheer Luck International Industrial Limited	Hong Kong	Ordinary share HK$1	78%	78%	78%	78%	Indirectly	Head tenant service
CW Luck Limited	Hong Kong	Ordinary share HK$1	78%	78%	78%	78%	Indirectly	Head tenant service
Faithful Luck (H.K.) Limited	Hong Kong	Ordinary share HK$1	78%	78%	78%	78%	Indirectly	Head tenant service
Kowloon Luck Limited	Hong Kong	Ordinary share HK$1	78%	78%	78%	78%	Indirectly	Head tenant service

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or 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 at the end of the year.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY AND RESERVES

	2024 HK$'000	2023 HK$'000
Non-current assets		
Investments in subsidiaries	**677,044**	678,430
Amounts due from subsidiaries *(note (i))*	**505,872**	457,968
	1,182,916	1,136,398
Current assets		
Financial assets at FVTPL	**1,952**	2,582
Other receivables	**27**	85
Amounts due from subsidiaries *(note (ii))*	**536,235**	963,498
Bank balances and cash	**6,430**	2,849
	544,644	969,014
Current liabilities		
Other payables	**1,453**	2,675
Amounts due to subsidiaries	**523,876**	519,639
Amount due to a director	**69,000**	81,919
Borrowings	**254,480**	286,970
	848,809	891,203
Net current (liabilities)/assets	**(304,165)**	77,811
Total assets less current liabilities	**878,751**	1,214,209
Non-current liabilities		
Convertible bonds – liability component	**60,662**	95,151
	818,089	1,119,058
Capital and reserves		
Share capital	**6,415**	6,415
Reserves	**811,674**	1,112,643
Total equity	**818,089**	1,119,058

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

Notes:

(i) *The amounts due from subsidiaries classified under non-current assets are unsecured, interest-free and repayable on demand. In the opinion of the directors, based on their assessment as at the end of the reporting period of the estimated future cash flows from the subsidiaries, the amounts due from subsidiaries will not be repaid within one year from the end of the reporting period. Accordingly, these amounts are classified as non-current. The amounts due from subsidiaries are discounted at effective interest rate of 6.84% (2023: 6.56%) per annum, representing the borrowing rates of the relevant subsidiaries, with corresponding adjustments of HK$58,856,000 (2023: HK$32,193,000) debited to investments in subsidiaries as deemed contribution to those subsidiaries.*

(ii) *The amounts due from subsidiaries classified under current assets are unsecured, interest-free and repayable on demand. The directors expect these amounts will be repaid within twelve months from the end of the reporting period, accordingly, these amounts are classified as current assets.*

MOVEMENT IN THE COMPANY'S RESERVES

	Share premium HK$000	Share option reserves HK$000	Shareholder's contribution HK$000 *(Note 32(a))*	Convertible bonds – equity reserve HK$000 *(Note 31)*	Retained earnings HK$000	Total HK$000
At 1 January 2023	233,457	8,706	193,911	313,698	687,242	1,437,014
Loss and total comprehensive income for the year	–	–	–	–	(324,371)	(324,371)
Lapse of share options *(note 33)*	–	(186)	–	–	186	–
At 31 December 2023 and 1 January 2024	**233,457**	**8,520**	**193,911**	**313,698**	**363,057**	**1,112,643**
Loss and total comprehensive income for the year	**–**	**–**	**–**	**–**	**(300,969)**	**(300,969)**
Lapse of share options *(note 33)*	**–**	**(1,462)**	**–**	**–**	**1,462**	**–**
At 31 December 2024	**233,457**	**7,058**	**193,911**	**313,698**	**63,550**	**811,674**

PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2024

Name of Property	Location	Approximate gross floor area before redevelopment (sq.ft.)	Final/ expected approximate gross floor area upon completion (sq.ft.)	Use	Stage of completion	Expected completion date	Attributable interest of the Group
The Rainbow	No. 22, Wang Yip Street South, Yuen Long, New Territories, Hong Kong	93,100	93,100	Commercial	Completed	N/A	100%
After the Rain	No. 21, Wang Yip Street West, Yuen Long, New Territories, Hong Kong	51,772	171,146	Residential	Completed	N/A	100%
Kwun Tong Project	Nos. 107–109 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	82,434	82,445	Industrial	Under Development	2027	100%
The Cloud	Nos. 107–111 Tung Chau Street, Tai Kok Tsui, Kowloon, Hong Kong	43,428	59,904	Industrial	Completed	N/A	100%
Shing Yip Street	11/F, TG Place, Nos. 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong	14,410	14,410	Commercial	Completed	N/A	100%

INVESTMENT PROPERTIES AS AT 31 DECEMBER 2024

Name of Property	Address & Location	Existing Use	Condition/nature	Attributable interest of the Group
Sea View Estate – 1 unit	12/F, Block B, Sea View Estate, No. 4-6 Watson Road, North Point, Hong Kong	Industrial	Currently used by Metropolitan Wine Cellar to operate wine cellar business	100%
Sea View Estate – 1 unit	9/F, Block B, Sea View Estate, No. 4-6 Watson Road, North Point, Hong Kong	Industrial	Currently used by Metropolitan Workshop to operate co-working space business	100%
World Trust Tower	3/F, World Trust Tower, No.50 Stanley Street	Commercial	Currently used by Metropolitan Workshop to operate co-working space business	100%
The Galaxy	Signage and 3/F, the Galaxy	Industrial	Partly used by Metropolitan Workshop to operate co-working space business Partly leased to an independent third party	100%
Silver Fortune	20/F, Silver Fortune	Commercial	Currently used by Metropolitan Workshop to operate co-working space business	100%
Admiralty Centre – 3 units	6/F, Admiralty Centre	Commercial	Currently used by Metropolitan Workshop to operate co-working space business	100%
Yiu Wa Street	3/F., No. 14 Yiu Wa Street 1/F–5/F & the Roof, No. 16 Yiu Wa Street 1/F–5/F & the Roof, No.18 Yiu Wa Street	Residential	Currently used by Metropolitan Apartment to operate apartment business	100%

Name of Property	Address & Location	Existing Use	Condition/nature	Attributable interest of the Group
Yiu Wa Street	G/F, No. 18 Yiu Wa Street	Shop	Currently leased to an independent third party	100%
Yuen Long Farmland	Lot 807 and Section A & B of 810D, D.D.103 Yuen Long Farmland	Farmland	Currently leased to an independent third party	100%

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements is set out below.

CONSOLIDATED RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
REVENUE	**1,133,074**	1,243,710	1,699,304	78,436	105,782
(LOSS)/PROFIT BEFORE TAX	**(610,380)**	(301,174)	372,784	(36,001)	309,792
Income tax credit/(expense)	**5,089**	2,967	(41,677)	(1,545)	(7,003)
(LOSS)/PROFIT FOR THE YEAR	**(605,291)**	(298,207)	331,107	(37,546)	302,789
Attributable to:					
Owners of the Company	**(605,029)**	(294,595)	329,933	(37,134)	306,936

CONSOLIDATED ASSETS AND LIABILITIES

	31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**2,476,716**	4,022,204	5,108,108	5,301,104	4,133,608
TOTAL LIABILITIES	**(1,675,247)**	(2,607,928)	(3,390,778)	(3,918,848)	(2,719,928)
NET ASSETS	**801,469**	1,414,276	1,717,330	1,382,256	1,413,680