



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

INTERIM REPORT
2025



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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

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



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is primarily involved in property development, property investment for sale, rental, or capital appreciation, as well as the provision of property management and security services. Its activities also encompass cleaning and fitting-out works, financial services, fund investment and management, a wine business that includes the operation of a wine cellar and trading of fine wines, and media production services. These diverse lifestyle businesses operate under the brand name of “Metropolitan”.

The revenue of the Group for the six months ended 30 June 2025 was approximately HK\$129.3 million, mainly including revenue from sales of completed projects, property investment and wine business of approximately HK\$87.4 million, HK\$21.1 million and HK\$9.8 million, respectively, (for the six months ended 30 June 2024: approximately HK\$517.9 million, mainly including revenue from sales of completed projects, property investment and wine business of approximately HK\$477.5 million, HK\$21.6 million and HK\$7.3 million, respectively), which represented a decrease of approximately HK\$388.6 million as compared with the corresponding period of last year. The decrease in revenue was mainly due to the drop in the property sales of completed projects since most of the residential units of “After The Rain” had been sold in prior years. The loss attributable to owners of the Company for the six months ended 30 June 2025 was approximately HK\$19.9 million (for the six months ended 30 June 2024: approximately HK\$218.5 million). The narrowing of the loss was mainly due to (i) a return to the gross profit from sale of property units amounting to approximately HK\$12.8 million for the six months ended 30 June 2025 as compared to gross loss of approximately HK\$51.2 million for the six months ended 30 June 2024; and (ii) a decrease in finance costs by approximately HK\$43.3 million from approximately HK\$83.4 million for the six months ended 30 June 2024 to approximately HK\$40.1 million for the six months ended 30 June 2025 attributed to a reduction in loan balances and a decline in the HIBOR rate in the second quarter of this year. The basic loss per share for the period was approximately HK3.10 cents as compared to loss per share of approximately HK34.07 cents for the corresponding period of last year. An overview of the individual business segments of the Group is set out below.

PROPERTY DEVELOPMENT

Revenue recognised in this business segment for the six months ended 30 June 2025 was approximately HK\$87.4 million (for the six months ended 30 June 2024: HK\$477.5 million). As at 30 June 2025, 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 current property development projects of the Group during the interim period and as at 30 June 2025 are listed below:

Hong Kong Projects:

- (a) The Rainbow: During the six months ended 30 June 2025, the sales of completed units and the temporary rental income from properties held for sale recognised amounted to approximately HK\$1.1 million and HK\$4.6 million, respectively (for the six months ended 30 June 2024: approximately HK\$21.1 million and HK\$5.0 million respectively).
- (b) The Cloud: The Group redeveloped the 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 has completed in 2022 and revenue recognition has taken place since the second quarter of 2022. During the six months ended 30 June 2025, revenue of approximately HK\$8.8 million was recognised from completion and delivery of 4 property units of the project (for the six months ended 30 June 2024: there was no sale of units under this project). All property units of The Cloud has been sold and completed.



- (c) **After The Rain:** The Group developed a luxury and stylish condominium residential complex targeting at young residents pursuing high quality and design driven lifestyle. The Project provides 335 residential units, 5 ground floor shops and 65 parking spaces. The pre-sale 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 since the second half of 2023. During the six months ended 30 June 2025, revenue of approximately HK\$77.6 million was recognised from completion and delivery of 5 residential units and 31 carpark spaces of the project (for the six months ended 30 June 2024: revenue of approximately HK\$456.4 million was recognised from completion and delivery of 73 residential units of the project).
- (d) **Kwun Tong Site Project:** The Group is actively assessing the feasibility of a land use transformation to enable the development of a student hostel. This strategic initiative aims to capitalize on the site's prime location and panoramic views of Victoria Harbour, aligning with market demand for quality student accommodation in the area. Such a transition is expected to enhance the asset's value and generate stable revenue streams, contributing positively to the Group's overall financial performance.

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 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 first quarter of 2027.

PROPERTY INVESTMENT

The Group is engaged in property investment aimed at sale, rental, or capital appreciation. A portion of the rental activities is conducted through the provision of serviced apartments, co-working spaces, and storage under the brand of "Metropolitan."

Revenue recognised in this business segment for the six months ended 30 June 2025 totalled approximately HK\$21.1 million (compared to approximately HK\$21.6 million for the six months ended 30 June 2024), reflecting a slight decrease of approximately HK\$0.5 million from the corresponding period last year. Below is a breakdown of the revenue generated from property investment activities, including serviced apartments, storage, and workshops:

METROPOLITAN APARTMENT

Metropolitan Apartment is principally engaged in the operation of serviced apartments in Hong Kong, offering fully furnished suites with flexible monthly renewal terms. The target clientele includes short-term overseas employees, local residents, and college students. Revenue recognised from this segment for the six months ended 30 June 2025 amounted to approximately HK\$1.7 million, consistent with the revenue of approximately HK\$1.7 million for the six months ended 30 June 2024. Although there is no significant change between the two periods, the Group intends to place greater emphasis on this segment in the future, given the anticipated substantial demand for student hostels in Hong Kong in the coming years.



METROPOLITAN STORAGE AND WORKSHOP

Metropolitan Workshop is primarily engaged in providing 24-hour co-working spaces, which include private rooms, shared offices, dedicated desks, hot desks, and virtual offices, as well as multi-location memberships. Our flexible pricing plans and fully equipped workspaces are ideally suited for freelancers, entrepreneurs, smaller companies, and corporate clients. Metropolitan Storage specializes in offering and operating 24-hour storage services to the public in Hong Kong. Revenue recognised in this segment for the six months ended 30 June 2025 amounted to approximately HK\$18.8 million (for the six months ended 30 June 2024: approximately HK\$19.1 million). This reflects no significant change compared to the corresponding period last year, indicating a continued demand for such services in the Hong Kong market.

As at 30 June 2025, the total carrying value of the Group's portfolio of investment properties was amounted to approximately HK\$738.4 million (31 December 2024: approximately HK\$738.4 million), which comprised floors and units in industrial and commercial buildings and farmland located in Hong Kong of HK\$693.2 million (31 December 2024: approximately HK\$693.2 million), and right-of-use assets ("ROU") that meet the definition of investment properties of HK\$45.2 million (31 December 2024: HK\$45.2 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 2024: HK\$697.9 million), which comprised floors and units in industrial and commercial buildings and farmland located in Hong Kong of HK\$659.2 million (31 December 2024: HK\$659.2 million); and ROU that meet the definition of investment properties of HK\$38.7 million (31 December 2024: HK\$38.7 million). The remaining investment properties were categorized under Wine Business segment.

The Group will also evaluate potential opportunities for acquiring investment properties and assess whether any of its development properties possess appreciation potential that could facilitate their conversion into investment properties, thereby generating more stable rental income.

PROVISION OF PROPERTY MANAGEMENT SERVICES

The Group offers property management and security services for five completed projects – The Galaxy, The Star, The Rainbow, The Cloud, and After the Rain – as well as two commercial buildings in Sheung Wan and a residential building in Happy Valley. Revenue recognised from this segment for the six months ended 30 June 2025 was approximately HK\$6.9 million, compared to around HK\$7.1 million for the same period in 2024. This slight stabilization in revenue demonstrates the strength of our brand in the market. The Group is confident that by providing comprehensive, high-quality property management and security services will enhance our brand recognition further. As we expand our services to additional property owners and developers, we anticipate growth in this segment, positioning the Group for long-term stable income generation.

PROVISION OF FINANCE

The Group provides credit facilities to individual and corporate clients for its own commercial and industrial development projects. Revenue generated from this segment for the six months ended 30 June 2025 amounted to approximately HK\$1.0 million (for the six months ended 30 June 2024: HK\$1.5 million), representing a decrease of approximately HK\$0.5 million due to a lessening in loan receivable balances. In view of cost efficiency to maintain a small loan portfolios, the Group decided to dispose of the business.

CLEANING AND FITTING OUT WORKS

The Group provides cleaning and fitting-out works for property owners managed by the Group. Revenue generated from this business segment for the six months ended 30 June 2025 amounted to approximately HK\$3.0 million (for the six months ended 30 June 2024: HK\$3.0 million), in line with the same period in 2024. The Group anticipates that this segment will foster synergies with other business areas by enhancing work quality and operating at lower costs efficiently.

WINE BUSINESS

The Group has engaged in the sale of fine wine to local residents in Hong Kong, offering delivery services through Metropolitan Fine Wine, as well as leasing professional fine wine storage through Metropolitan Wine Cellar. For the six months ended 30 June 2025, revenue recognised in this business segment amounted to approximately HK\$9.8 million, (for the six months ended 30 June 2024: approximately HK\$7.3 million), representing an increase of approximately HK\$2.5 million year-over-year. This revenue growth in fine wine sales can be primarily attributed to the successful launch of various seasonal promotions during the current period.

The total carrying value of the Group's portfolio of investment properties categorized under Wine Business segment was amounted to approximately HK\$40.5 million (31 December 2024: HK\$40.5 million), which comprised a unit in an industrial building located in Hong Kong of HK\$34.0 million (31 December 2024: HK\$34.0 million); and ROU that meet the definition of investment properties of HK\$6.5 million (31 December 2024: HK\$6.5 million).

PROVISION OF MEDIA PRODUCTION SERVICES

The Group operates this business segment through Metropolitan Production by consultancy services including provision of film or advertisement; organization of media events, music concerts and artist management. No revenue was generated from this business segment for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

FUND INVESTMENT AND MANAGEMENT

The total carrying value of the Group's funds investment amounted to approximately HK\$4.9 million (31 December 2024: approximately HK\$4.8 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.

CAPITAL STRUCTURE

There were no movements in the Company's share capital during the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group as at 30 June 2025 was approximately HK\$788.7 million (31 December 2024: approximately HK\$801.5 million). As at 30 June 2025, the Group maintained bank balances and cash of approximately HK\$11.0 million (31 December 2024: approximately HK\$28.9 million). The Group's net current assets were approximately HK\$56.1 million (31 December 2024: HK\$95.7 million). The Group had current assets of approximately HK\$1,496.0 million (31 December 2024: approximately HK\$1,619.0 million). The decrease of current assets was mainly due to the sales of property units (which was classified as properties held for sale). The Group had current liabilities of approximately HK\$1,439.9 million (31 December 2024: approximately HK\$1,523.2 million). The decrease in current liabilities was mainly due to the settlement of accrued construction costs, agency commission fees and borrowings using the proceeds generated from sales of property units during the interim period.

The Group generally finances its operations with internally generated cashflow, convertible bonds and borrowings from banks and a financial institution. As at 30 June 2025, the Group had convertible bonds issued by the Company with liability portion of approximately HK\$63.1 million (31 December 2024: approximately HK\$60.7 million); and outstanding borrowings of approximately HK\$1,223.7 million (31 December 2024: approximately HK\$1,238.7 million). The borrowings as at 30 June 2025 were secured by the Group's properties, key management insurance contract and corporate guarantee.

The Group's gearing ratio (defined as the total interest-bearing borrowings divided by total equity and multiplied by 100%) and net debt-to-equity ratio (defined as the total borrowings net of cash and cash equivalents divided by total equity) increase from approximately 154.6% as at 31 December 2024 to approximately 155.2% as at 30 June 2025 and increase from approximately 151.0% as at 31 December 2024 to approximately 153.8% as at 30 June 2025, respectively. There were no significant changes during the six months ended 30 June 2025.

The Group's debt-to-assets ratio (total borrowings net of cash and cash equivalents divided by total assets) was approximately 48.8% and 51.2% as at 31 December 2024 and 30 June 2025, respectively.

The Group's capital commitment as at 30 June 2025 amounted to approximately HK\$11.3 million (31 December 2024: approximately HK\$13.0 million).

The Group has no significant contingent liabilities as at 30 June 2025. 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 financial 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.

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 six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

FOREIGN EXCHANGE

The Group primarily conducts its business in Hong Kong, with cash flows, assets, and liabilities predominantly denominated in Hong Kong dollars. The main foreign exchange exposure arises from its property developments in South Korea, which are denominated in United States dollars and Korean Won. The Group's operations in South Korea involve commercial transactions, assets, liabilities, and net investments that are primarily in these currencies.

To mitigate currency risk related to its South Korean operations, the Group maintains an appropriate level of external borrowings in Korean Won, providing a natural hedge against fluctuations in this currency. The Group's exposure to the Korean Won primarily stems from the translation of current assets and liabilities of its subsidiaries in South Korea, where the functional currency is Korean Won, as well as from the Korean Won deposits set aside for future development costs that will be converted to Hong Kong dollars.

As at 30 June 2025, offshore borrowings were approximately Korean Won 2.8 billion, which is approximately HK\$14.9 million (31 December 2024: approximately Korean Won 2.8 billion, which is approximately HK\$14.6 million), as working capital loan for the operations in South Korea. The offshore borrowings are expected to be fully repaid in 2027. The interest rates of these borrowings was ranged from 4.6% to 6.0% per annum as at 30 June 2025 (31 December 2024: ranged from 4.6% to 6.0% per annum).

Apart from these, 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 effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the reporting period. Therefore, the Group does not engage in any hedging activities.



MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 30 June 2025, the Group's investment properties, properties held for sale and financial asset at fair value through profit or loss with carrying value of approximately HK\$693.2 million, HK\$1,416.6 million and HK\$21.8 million respectively (31 December 2024: approximately HK\$693.2 million, HK\$1,436.0 million and Nil respectively, as well as pledged bank deposit of HK\$10.0 million) 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 reporting period, 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 30 June 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group employed 116 employees (31 December 2024: 116 employees) and appointed 7 Directors (31 December 2024: 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 education subsidy, 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 on 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 supply and price level of bank borrowings may have significant impact to the cost of our development project; (iii) industry risk which mainly refers to the continuous 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, for example, property cooling measures imposed by the Government from time to time; (v) suppliers risk such as 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 (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 reviewing 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

As we move through the first half of 2025, the global economic environment continues to present challenges, with Hong Kong still facing inflationary pressures and elevated interest rates. These conditions have fostered a cautious sentiment among consumers and businesses, influencing market dynamics.

Despite these challenges, we are optimistic about the property market as interest rates gradually decline. The government's recent relaxation of the investment immigration program to include residential properties is expected to stimulate activity in this sector. Additionally, the leasing market remains resilient, bolstered by strong demand driven by talent schemes and the ongoing promotion of the "Study in Hong Kong" initiative. The increase in admission quotas for UGC-funded universities for non-local undergraduates is likely to generate significant demand for apartments and hostels.

In our development projects, we have made considerable progress, particularly in the "After The Rain" project, where we have successfully secured sales for all residential units. Our commitment to quality and the strategic location in Hong Kong region continue to attract interest, and we anticipate timely completion of sales for the remaining shops.

Looking forward, our focus remains on delivering long-term value through strategic investments, operational excellence, and sustainable growth. Throughout 2025, we will leverage technology to enhance customer experiences and improve operational efficiency. We will also explore new markets and asset classes to diversify our portfolio and mitigate risks.

As we navigate the evolving landscape, our Group is well-positioned to seize emerging opportunities and address potential challenges in the real estate and property development sector. Our strategic vision, robust portfolio, and commitment to innovation and sustainability provide a strong foundation for continued growth and value creation.



CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil). No final dividend was declared for the year ended 31 December 2024 (31 December 2023: Nil).

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

As at 30 June 2025, 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 (the “SFO”)) which were notified to the Company and the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or 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 for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), to be notified to the Company and the Stock Exchange were as follows:

CORPORATE GOVERNANCE AND OTHER INFORMATION

(A) LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES AS AT 30 JUNE 2025:

Name of Directors/ chief executive	Number of Shares held (Beneficial owner/through a controlled corporation)	Interests in share options (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 30 June 2025.*



CORPORATE GOVERNANCE AND OTHER INFORMATION

(B) LONG POSITIONS IN THE DEBENTURES AS AT 30 JUNE 2025:

Name of Director(s)/ chief executive	Amount of debentures			Total	Approximately percentage to the total amount of debentures in issued
	Personal Interests	Family Interests	Corporation Interests		
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 30 June 2025, 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 30 June 2025, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) had interests or 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

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	39,643,200	–	6.18%
Metropolitan Lifestyle (BVI) Limited	Beneficial owner (Note 3)	836,000,000	–	130.32%

Notes:

- 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.
- 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.
- These percentages were compiled based on the total number of issued shares (i.e. 641,498,000 shares) as at 30 June 2025.
- All the interests stated above represent long positions.

As at 30 June 2025, so far as the Directors are aware, no person had interests or 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.



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 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.

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

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 six months ended 30 June 2025, no share options granted under the refreshed scheme mandate limit were lapsed; and no share options were cancelled or exercised.

DETAILS OF THE MOVEMENTS IN THE COMPANY'S SHARE OPTIONS DURING THE SIX MONTHS ENDED 30 JUNE 2025 (THE "PERIOD") ARE SET OUT BELOW:

Name or category	Outstanding as at 1 January 2025	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 30 June 2025	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 Director							
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	8,246,400	–	–	–	–	8,246,400	1.29%
	24,357,600	–	–	–	–	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 ("**Mr. Tsui**"), a non-executive Director, 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 operate its businesses independently of, and at arm's length from the competing entities.

Save as disclosed above, as at 30 June 2025, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Memorandum was sent to the Directors twice a year to draw their attention to the Model Code. Having made specific enquiries of each of the Directors, 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.

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, the Company entered into a facility agreement with a bank for the general banking facilities of a 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.
- On 1 November 2023, Sincere Gold Properties Limited (as indirect wholly owned subsidiary of the Company) as the Borrower, entered into a facility agreement with a bank (the “**Bank**”) for loan for twelve months from the date of drawdown up to an aggregated amount of HK\$350,000,000. Pursuant to the terms of the facility agreement, Mr. Chan Man Fai Joe Shall, directly or indirectly, maintain not less than 50% shareholding of the Company. As at the date of the loan agreement, Mr. Chan Man Fai Joe holds approximately 68.69% of issued share capital of the Company.
- On 11 December 2023, Sincere Gold Properties Limited (as indirect wholly owned subsidiary of the Company) as the Borrower, entered into a facility agreement with a bank (the “**Bank**”) for loan up to an aggregated amount of HK\$205,000,000 and the life of the facility is twelve months from the date of drawdown and it shall be subject to review by the Bank every June yearly. 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 issued share capital of the Company.

As at 30 June 2025, the aggregate interest in the shares in the Company held by Mr. Chan Man Fai Joe, direct and indirect, is 440,710,800 shares, representing approximately 68.69% of the shares of the Company in issue.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the reporting period.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules with the exception for code provision C.2.1, which requires the roles of chairman and chief executive officer be in different 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 the business history of the Company, 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 the senior management of the Group.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

CHANGES IN INFORMATION OF DIRECTORS

The Company is not aware of any change in Directors' information subsequent to the date of annual report for the year ended 31 December 2024 and up to the date of this report, as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules. The Audit Committee has adopted the terms of reference which are in line with the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

The Audit Committee comprises three independent non-executive Directors, namely, Ms. Chan Wah Man Carman, Mr. Lee Chung Ming Eric and Dr. Wong Wai Kong, with Ms. Chan Wah Man Carman being the chairlady of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated interim results and the interim report of the Company for the six months ended 30 June 2025 and agreed to the accounting principles and practices adopted by the Company.

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

Hong Kong, 28 August 2025



INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended	
		30.6.2025	30.6.2024
	NOTES	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	4	129,328	517,921
Cost of sales and services		(82,390)	(599,184)
Gross profit/(loss)		46,938	(81,263)
Other income	5	9,077	8,584
Gain on change in fair value of financial assets at fair value through profit or loss	13	114	–
Selling expenses		(4,854)	(24,597)
Administrative expenses		(30,753)	(35,693)
Finance costs	6	(40,080)	(83,366)
Share of results of an associate		(151)	(960)
Gain on disposal of a subsidiary		1,627	–
Gain on deregistration of a subsidiary		–	120
Loss before tax	7	(18,082)	(217,175)
Income tax credit	8	24	130
Loss for the period		(18,058)	(217,045)
Other comprehensive income for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		5,306	(8,877)
Total comprehensive income for the period		(12,752)	(225,922)
Loss for the period attributable to:			
Owners of the Company		(19,867)	(218,538)
Non-controlling interests		1,809	1,493
		(18,058)	(217,045)
Total comprehensive income for the period attributable to:			
Owners of the Company		(14,561)	(227,415)
Non-controlling interests		1,809	1,493
		(12,752)	(225,922)
Loss per share			
– Basic (HK cents)	10	(3.10)	(34.07)
– Diluted (HK cents)	10	(3.10)	(34.07)



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	NOTES	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Non-current Assets			
Property, plant and equipment	11	2,480	2,656
Investment properties		738,379	738,379
Investment in an associate		6,548	6,316
Investment in a joint venture		–	–
Deferred tax assets		5,627	5,627
Loan receivables	12	36,381	44,198
Deposits and other receivables	15	3,850	3,880
Amount due from an associate		3,809	3,655
Financial assets at fair value through profit or loss	13	76,372	53,047
		873,446	857,758
Current Assets			
Inventories		13,501	11,980
Properties held for sale		1,417,690	1,503,784
Trade and other receivables, deposits and prepayments	15	42,276	46,132
Financial assets at fair value through profit or loss	13	1,952	1,952
Amounts due from related companies		3	3
Tax recoverable		70	29
Stakeholder's accounts		9,446	16,223
Pledged bank deposit		–	10,000
Bank balances and cash		11,044	28,855
		1,495,982	1,618,958
Current Liabilities			
Trade and other payables	16	136,241	184,526
Contract liabilities		9,950	13,819
Financial liabilities at fair value through profit or loss	14	9,204	9,204
Amount due to a director		53,384	74,375
Amounts due to related companies		2	2
Lease liabilities		12,566	16,633
Tax liabilities		258	258
Borrowings	17	1,218,272	1,224,429
		1,439,877	1,523,246
Net Current Assets		56,105	95,712
Total Assets less Current Liabilities		929,551	953,470



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	NOTES	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Non-current Liabilities			
Lease liabilities		23,912	28,673
Borrowings	17	5,428	14,249
Convertible bonds – liability component	18	63,077	60,662
Deferred tax liabilities		48,417	48,417
		140,834	152,001
Net Assets		788,717	801,469
Capital and Reserves			
Share capital	19	6,415	6,415
Reserves		796,562	811,123
Equity attributable to owners of the Company		802,977	817,538
Non-controlling interests		(14,260)	(16,069)
Total Equity		788,717	801,469



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company										Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Translation reserve HK\$'000	Shareholders contribution HK\$'000	Convertible bonds – equity component HK\$'000	Merger reserve HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000	Non- controlling interest HK\$'000	
At 1 January 2024 (Audited)	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 period	-	-	-	-	-	-	-	(218,538)	(218,538)	1,493	(217,045)
Other comprehensive income for the period	-	-	-	(8,877)	-	-	-	-	(8,877)	-	(8,877)
Total comprehensive income for the period	-	-	-	(8,877)	-	-	-	(218,538)	(227,415)	1,493	(225,922)
Lapse of share options	-	-	(1,462)	-	-	-	-	1,462	-	-	-
At 30 June 2024 (Unaudited)	6,415	233,457	7,058	(13,488)	193,911	313,698	(150,227)	611,844	1,202,668	(14,314)	1,188,354
At 1 January 2025 (Audited)	6,415	233,457	7,058	(12,127)	193,911	313,698	(150,227)	225,353	817,538	(16,069)	801,469
Loss for the period	-	-	-	-	-	-	-	(19,867)	(19,867)	1,809	(18,058)
Other comprehensive income for the period	-	-	-	5,306	-	-	-	-	5,306	-	5,306
Total comprehensive income for the period	-	-	-	5,306	-	-	-	(19,867)	(14,561)	1,809	(12,752)
At 30 June 2025 (Unaudited)	6,415	233,457	7,058	(6,821)	193,911	313,698	(150,227)	205,486	802,977	(14,260)	788,717



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended	
	30.6.2025	30.6.2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	69,355	451,580
Cash flows from investing activities		
Purchase of property, plant and equipment	(864)	(142)
Investment in a financial asset at fair value through profit or loss	(21,841)	–
Proceeds from disposal of property, plant and equipment	–	5
Proceeds from disposal of a subsidiary	1,100	–
Release of a pledged bank deposit	10,000	–
Interest received from bank balances and pledged bank deposit	141	308
Net cash (used in)/generated from investing activities	(11,464)	171
Cash flows from financing activities		
Borrowings raised	71,624	16,528
Repayments of borrowings	(87,016)	(405,097)
Repayments of lease liabilities	(10,243)	(9,102)
(Decrease)/increase in amount due to a director	(17,606)	39,624
Interest paid	(32,461)	(79,466)
Repayment of interest on convertible bonds	–	(40,059)
Net cash used in financing activities	(75,702)	(477,572)
Net decrease in cash and cash equivalents	(17,811)	(25,821)
Cash and cash equivalents at beginning of the period	28,855	46,919
Cash and cash equivalents at end of the period, represented by bank balances and cash	11,044	21,098
Analysis of cash and cash equivalents		
Bank balances and cash	11,044	21,098



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of Star Group Asia Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accounts (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”).

2. ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six months ended 30 June 2025 have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2024 (“**2024 annual financial statements**”).

APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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 HKAS 21 and HKFRS 1 Lack of Exchangeability

The Group has not applied any new or amended HKFRS Accounting Standards that are not yet effective for the current period.

The adoption of the amendments has no material impact on the Group’s financial statements.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2024 annual financial statements.

4. REVENUE AND SEGMENT INFORMATION

	Six months ended	
	30.06.2025	30.06.2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of properties	87,424	477,512
Provision of property management and security services	6,971	7,078
Provision of cleaning and fitting out works	3,005	2,955
Trading of fine wine	5,781	3,449
	103,181	490,994
Revenue from other sources		
Rental income from leasing of:		
– shops and farmland	593	737
– service apartments	1,673	1,750
– storage and workshop	18,811	19,141
– wine cellar	4,035	3,818
Interest income from provision of finance	1,035	1,481
	26,147	26,927
Total revenue	129,328	517,921



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE AND SEGMENT INFORMATION (Continued)

(A) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

Segments	Sales of properties		Provision of property management services		Wine business		Cleaning and fitting out works		Media production services		Total	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024	30.6.2025	30.6.2024	30.6.2025	30.6.2024	30.6.2025	30.6.2024	30.6.2025	30.6.2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales of properties	87,424	477,512	-	-	-	-	-	-	-	-	87,424	477,512
Provision of property management and security services	-	-	6,971	7,078	-	-	-	-	-	-	6,971	7,078
Provision of cleaning and fitting out works	-	-	-	-	-	-	3,005	2,955	-	-	3,005	2,955
Trading of fine wine	-	-	-	-	5,781	3,449	-	-	-	-	5,781	3,449
Provision of media production services	-	-	-	-	-	-	-	-	-	-	-	-
Total	87,424	477,512	6,971	7,078	5,781	3,449	3,005	2,955	-	-	103,181	490,994
Geographical market												
Hong Kong	87,424	477,512	6,971	7,078	5,781	3,449	3,005	2,955	-	-	103,181	490,994
Timing of revenue recognition												
A point in time	87,424	477,512	-	-	5,781	3,449	-	-	-	-	93,205	480,961
Over time	-	-	6,971	7,078	-	-	3,005	2,955	-	-	9,976	10,033
Total	87,424	477,512	6,971	7,078	5,781	3,449	3,005	2,955	-	-	103,181	490,994

4. REVENUE AND SEGMENT INFORMATION (Continued)

(B) SEGMENT INFORMATION

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 investment properties
3. Property management services – provision of property management and security services
4. Cleaning 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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE AND SEGMENT INFORMATION (Continued)

(B) SEGMENT INFORMATION (Continued)

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

	Segment revenue		Segment results	
	Six months ended		Six months ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Property development	87,424	477,512	(10,486)	(203,488)
Property investment	21,077	21,628	5,249	3,089
Provision of property management services	6,971	7,078	844	912
Cleaning and fitting out works	3,005	2,955	434	511
Provision of finance	1,035	1,481	(832)	(2,312)
Wine business	9,816	7,267	140	(204)
Media production Services	–	–	(138)	(16)
	129,328	517,921	(4,789)	(201,508)
Unallocated income			933	1,276
Unallocated expenses			(11,488)	(12,864)
Finance costs			(2,738)	(4,079)
Loss before tax			(18,082)	(217,175)

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE AND SEGMENT INFORMATION (Continued)

(B) SEGMENT INFORMATION (Continued)

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

	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Segments assets		
Property development	1,507,745	1,606,877
Property investment	718,004	718,283
Provision of property management services	3,143	4,534
Cleaning and fitting out works	2,068	2,381
Provision of finance	41,593	54,443
Wine business	87,203	65,032
Media production services	93	285
Total segment assets	2,359,849	2,451,835
Unallocated assets	9,579	24,881
Consolidated total assets	2,369,428	2,476,716
Segments liabilities		
Property development	1,079,327	1,065,511
Property investment	401,496	431,901
Provision of property management services	616	801
Cleaning and fitting out works	5,038	7,581
Provision of finance	40,328	64,297
Wine business	44,322	30,120
Media production services	–	6
Total segment liabilities	1,571,127	1,600,217
Unallocated liabilities	9,584	75,030
Consolidated total liabilities	1,580,711	1,675,247



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

4. REVENUE AND SEGMENT INFORMATION (Continued)

(B) SEGMENT INFORMATION (Continued)

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

- all assets are allocated to operating segments other than certain financial assets at fair value through profit or loss, certain 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.

5. OTHER INCOME

	Six months ended	
	30.6.2025	30.6.2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income earned on bank balances and pledged bank deposit	141	308
Temporary rental income from properties held for sale	8,153	5,359
Others	783	2,917
	9,077	8,584



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

6. FINANCE COSTS

	Six months ended	
	30.6.2025	30.6.2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
Borrowings	34,305	74,855
Advance from a director	1,881	3,548
Interest on lease liabilities	1,479	1,418
Imputed interest on convertible bonds	2,415	3,545
Total borrowing costs	40,080	83,366

7. LOSS BEFORE TAX

	Six months ended	
	30.6.2025	30.6.2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before tax has been arrived at after charging/(crediting):		
Directors' emoluments	1,968	2,046
Other staff costs		
– Salaries and other allowances	13,003	13,045
– Retirement benefit scheme contributions	557	600
Total staff costs	13,560	13,645
Auditors' remuneration	189	266
Cost of inventories recognised as an expense	80,568	532,485
Depreciation of property, plant and equipment	291	300
Depreciation of right-of-use assets	753	966
Gain on deregistration of a subsidiary	–	(120)
Gain on disposal of a subsidiary	(1,627)	–
Write down of properties held for sale (included in cost of sales and services)	–	64,771
(Reversal of impairment loss)/impairment loss of trade and lease receivables	(78)	57



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

8. INCOME TAX CREDIT

	Six months ended	
	30.6.2025	30.6.2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax – current tax	24	130

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 in Hong Kong will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong 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 has been provided as there is no estimated assessable profits in the six months ended 30 June 2025 and 2024.

9. DIVIDEND

During the current period, the directors of the Company do not recommend the payment of any final dividend for the year ended 31 December 2024.

The directors of the Company do not recommend the payment of any interim dividend for both the six months ended 30 June 2024 and 30 June 2025.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

10. 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:

	Six months ended	
	30.6.2025	30.6.2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(19,867)	(218,538)
Effect of dilutive potential ordinary shares:		
– Interest on convertible bonds (net of tax) (Note)	N/A	N/A
Loss for the period attributable to owners of the Company for the purpose of diluted loss per share	(19,867)	(218,538)
	'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)	N/A	N/A
– Convertible bonds (Note)	N/A	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	641,498	641,498

Note:

For the six months ended 30 June 2024 and 2025, no diluted loss per share was calculated as the potential dilutive ordinary shares arising from convertible bonds and share options have an anti-dilutive effect on the basic loss per share amount presented.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group's additions of property, plant and equipment were HK\$864,000 (for the six months ended 30 June 2024: HK\$6,621,000). There was no disposal of property, plant and equipment during the period (for the six months ended 30 June 2024: HK\$8,000).

12. LOAN RECEIVABLES

	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Loan receivables (<i>Note</i>)	45,197	53,590
Analysis as:		
– Non-current portion	36,381	44,198
– Current portion (<i>note 15</i>)	8,816	9,392
	45,197	53,590

Note:

As at 30 June 2025 and 31 December 2024, the balance included loan receivables which 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 (31 December 2024: P minus 2.25% to P) per annum.

Loans are provided to the borrowers above at a range of 48% to 85% (31 December 2024: 48% to 85%) of sale consideration of the pledged property units. The directors of the Company consider that the fair values of the collaterals are higher than the carrying amount of loan receivables as at 30 June 2025 and 31 December 2024.

As at 30 June 2025 and 31 December 2024, all the loan receivables are neither past due nor impaired.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Unlisted investment fund	(a)	3,372	3,258
Unlisted participation note	(b)	1,519	1,519
Derivative financial instrument – redemption option	(c)	1,952	1,952
Unlisted investment in bond	(d)	49,640	48,270
Key management insurance contract	(e)	21,841	–
Total		78,324	54,999
Classified as:			
Financial assets at fair value through profit or loss:			
– Non-current		76,372	53,047
– Current		1,952	1,952
		78,324	54,999

Notes:

- (a) The Group subscribed an unlisted private equity fund at cost of HK\$5,000,000, representing 10% of the total fund size in previous years. The Group has recognised a fair value gain of HK\$114,000 (for the six months ended 30 June 2024: Nil) in respect of the changes in fair value in the profit or loss. The fair value of this unlisted fund investment was measured using valuation technique with significant unobservable inputs and hence was classified as level 3 of the fair value hierarchy.
- (b) As at 30 June 2025, the unlisted participation note is at a fair value of HK\$1,519,000 (31 December 2024: HK\$1,519,000). No change in fair value has been recognised in the profit or loss (for the six months ended 30 June 2024: Nil). The fair value of this unlisted participation note was 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 18).
- (d) On 31 July 2024, an associate of the Group issued profit participation bonds with an aggregate principal amount of KRW59,456,000,000 to its shareholders and an independent third-party investor. The Group subscribed for the profit participation bond with a principal amount of KRW9,926,585,000 (equivalent to HK\$56,110,000). The bond is unsecured and interest-bearing at 4.6% per annum. The principal and interest of the bond are redeemable on 31 December 2027. Furthermore, after full redemption of the bonds and refund of investments made by the shareholders of the associate, the bondholders (including the Group) are entitled to participate in dividends declared by the associate according to ratio of the principal amount of the bonds subscribed by the bondholders and the investments made by the shareholders of the associate. No change in fair value has been recognised in the profit or loss (for the six months ended 30 June 2024: Nil). 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.
- (e) During the current period, the Group purchased a life insurance policy for the Company's director, Mr. Joe Chan, and fully paid the lump sum insurance premium of US\$2,800,000 (equivalent to HK\$21,841,000) (for the six months ended 30 June 2024: Nil). The insurance contract was pledged as collateral for a bank borrowing of the Group. No change in fair value has been recognised in the profit or loss (for the six months ended 30 June 2024: Nil). The fair value of this key management insurance contract was measured using valuation technique with significant unobservable inputs and hence was classified as level 3 of the fair value hierarchy.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Derivative financial instruments – price protection	9,204	9,204

During the year ended 31 December 2024, 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. No change in fair value of the derivatives was recognised in profit and loss during the period (for the six months ended 30 June 2024: Nil).

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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Trade receivables	(a)	6,386	5,968
Lease receivables	(a)	3,411	4,004
		9,797	9,972
Less: Allowance for credit losses		(1,848)	(1,926)
		7,949	8,046
Deposits and other receivables, and prepayments			
– Loan receivable (note 12)		8,816	9,392
– Loan interest receivables		77	134
– Rental deposits and other receivables	(b)	23,964	26,779
– Prepayments		7,607	7,948
		40,464	44,253
Less: Allowance for credit losses		(2,287)	(2,287)
		38,177	41,966
Classified as:			
– Non-current	(b)	3,850	3,880
– Current		42,276	46,132
		46,126	50,012



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

15. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (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, cleaning 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.

	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
0 – 30 days	3,296	3,109
31 – 90 days	2,372	1,445
91 – 180 days	847	1,146
181 – 365 days	1,007	1,344
Over 365 days	427	1,002
	7,949	8,046

All of the Group's trade receivables and lease receivables were past due at the end of both reporting periods. The Groups hold security deposits as collaterals over the lease receivables.

- (b) As at 30 June 2025, the balance included an other receivable with carrying amount of HK\$3,850,000 (31 December 2024: HK\$3,880,000) which is interest bearing at 0.003% per annum and repayable in November 2032.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

16. TRADE AND OTHER PAYABLES

	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Trade payables (<i>note (a)</i>)	801	514
Retention payables (<i>note (b)</i>)	13,899	32,362
Other payables, deposits received and accruals		
– Rental and other deposits received	17,139	13,817
– Accrued construction costs	32,444	57,424
– Accrued bonus	226	1,270
– Accrued agency commission	39,337	48,307
– Accrued management fees	371	807
– Accrued legal and professional fees	741	2,583
– Interest payables	4,754	2,910
– Received in advance of rental income	19,452	19,239
– Others	7,077	5,293
	136,241	184,526

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.

	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
0 – 30 days	70	5
31 – 90 days	–	21
91 – 180 days	79	43
181 – 365 days	–	–
Over 365 days	652	445
	801	514

(b) As at 30 June 2025, retention payables of Nil and HK\$13,899,000 (31 December 2024: HK\$6,046,000 and HK\$26,316,000) were aged within one year and more than one year respectively. All retention payables as at 30 June 2025 and 31 December 2024 were expected to be paid or settled in less than twelve months from the end of the corresponding reporting period.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. BORROWINGS

	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Borrowing from a financial institution	29,325	53,000
Bank borrowings	1,188,947	1,180,401
Other borrowing	5,428	5,277
	1,223,700	1,238,678
Analysis as:		
– Non-current portion	1,218,272	1,224,429
– Current portion	5,428	14,249
	1,223,700	1,238,678
Scheduled payment terms of borrowings contain a repayment on demand clause (shown under current liabilities):		
– Within one year	1,135,723	1,127,393
– In more than one year but not more than two years	19,434	20,479
– In more than two years but not more than five years	5,724	25,657
– More than five years	47,904	50,520
	1,208,785	1,224,049
Scheduled payment terms of borrowings without demand clause:		
– Within one year	9,487	380
– In more than one year but not more than two years	–	8,972
– In more than two years but not more than five years	5,428	5,277
	14,915	14,629

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. BORROWINGS (Continued)

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

	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Variable-rate borrowings:		
Within one year	1,115,885	1,127,773
In more than one year but not more than two years	19,434	29,451
In more than two years but not more than five years	5,724	25,657
More than five years	47,904	50,520
	1,188,947	1,233,401
Fixed-rate borrowings:		
Within one year	29,325	–
In more than two years but not more than five years	5,428	5,277
	34,753	5,277
	1,223,700	1,238,678

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

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

	30.6.2025 (Unaudited)	31.12.2024 (Audited)
Effective interest rates:		
– Fixed-rate borrowings	4.60% to 6.00%	4.60%
– Variable-rate borrowings	1.98% to 6.34%	4.13% to 9.20%



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. BORROWINGS (Continued)

Borrowings are secured by the following assets of the Group:

	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Properties held for sale		
– Properties under development	793,376	793,177
– Completed properties	623,254	642,786
	1,416,630	1,435,963
Investment properties	693,175	693,175
Financial asset at fair value through profit or loss	21,841	–
Pledged bank deposit	–	10,000
	2,131,646	2,139,138

As at 30 June 2025 and 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 30 June 2025, the Group has breached certain financial ratios of the Group in relation to bank borrowings with aggregate carrying amount of HK\$418,820,000 (31 December 2024: HK\$420,900,000). These bank borrowings are classified as current liabilities and included in borrowings scheduled for repayment within one year above.

18. CONVERTIBLE BONDS

On 22 October 2020, the Company issued 3% convertible bonds with nominal value of HK\$418,000,000. The convertible bonds are perpetual in term and have no maturity date with a principal amount denominated in HK\$ of HK\$418,000,000 as part of the consideration for the combination of Metropolitan Lifestyle (BVI) Limited and its subsidiaries. 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.



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

18. 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.

At the end of the reporting period, the fair value of the redemption option was determined by the difference between the fair value of equivalent convertible bonds with redemption option and without redemption option. 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 period and prior 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 2024 (Audited)	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 (Audited) and 1 January 2025	1,952	(60,662)	(313,698)	(372,408)
Effective imputed interest expense recognised	–	(2,415)	–	(2,415)
As at 30 June 2025 (Unaudited)	1,952	(63,077)	(313,698)	(374,823)

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

The major inputs for the valuation of the fair value of the redemption option derivative component of the convertible bonds as at 30 June 2025 and 31 December 2024 are as follows:

	30.6.2025 (Unaudited)	31.12.2024 (Audited)
Share price	HK\$0.105	HK\$0.153
Conversion price	HK\$0.5	HK\$0.5
Risk-free rate	3.34%	4.00%
Volatility	53.97%	51.07%



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

19. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 30 June 2025	1,000,000,000	10,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 30 June 2025	641,498,000	6,415

20. CAPITAL COMMITMENTS

	30.6.2025 HK\$'000 (Unaudited)	31.12.2024 HK\$'000 (Audited)
Capital expenditure in respect of the property development projects contracted for but not provided	10,269	12,955

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group's investment properties and financial assets and liabilities at fair value through profit or loss are measured at fair value at the end of each reporting period. During the six months ended 30 June 2025, there were no transfers between level 1 and 2, nor transfers into and out of level 3.



21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

The valuation techniques as at 30 June 2025 are as follows:

Information about level 3 fair value measurements

The fair value of the unlisted investment in bond with profit participation feature 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 end of the reporting period are as follows:

	30.6.2025 (Unaudited)	31.12.2024 (Audited)
Risk-free rate	2.80%	2.80%
Credit risk premium	2.60%	2.60%
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 redemption option is measured based on assumptions set out in note 18.

The fair values of unlisted investment funds, unlisted participate note and key management insurance contract are measured based on net asset value of underlying investments in the fund, the note or the insurance contract determined by external counter parties.

There were no changes in valuation techniques during both periods.

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



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

22. RELATED PARTY DISCLOSURES

(I) TRANSACTIONS

Other than disclosed elsewhere, the Group had the following transactions with related parties during the period:

Name of related parties	Nature of transactions	Six months ended	
		30.6.2025	30.6.2024
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Mr. Joe Chan (director)	Finance costs <i>(Note (a))</i>	1,881	3,548
	Consideration for purchase of a subsidiary from the Group <i>(Note (d))</i>	(1,100)	–
Vogue Town Limited ("Vogue Town")	Rental expenses <i>(Note (b))</i>	1,183	1,200
	Sales of wine <i>(Note (c))</i>	–	(71)

Notes:

- (a) The loan from a director carried interest at 7.0% per annum for the six months ended 30 June 2025 (six months ended 30 June 2024: 6.5% to 7.5% per annum).
- (b) The rental expenses or payments charged were based on office areas occupied by the Group and at a rent agreed by both parties.
- (c) Wine trading income was received from Vogue Town at a price agreed by both parties.
- (d) The consideration is determined at a price agreed by both parties.

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

(II) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The directors of the Company are identified as key management members of the Group. Their emoluments are disclosed in note 7.

23. SUBSEQUENT EVENT

On 27 August 2025, the Group entered into a sale and purchase agreement with an independent third-party purchaser to dispose of the entire issued share capital of and all debts owed to the group entities by Star Finance (H.K.) Limited, a wholly owned subsidiary, at a consideration of HK\$14,560,000. Details of the disposal are set out in the Company's announcement published on 27 August 2025.

