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Legend Upstar Holdings Limited
 駿 聯 控 股 有 限 公 司
 (Incorporated in the Cayman Islands with limited liability)
 (Stock Code: 459)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “Board”) of Legend Upstar Holdings Limited (the “Company”) announces the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2024 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenues	3(a)	356,856	397,073
Fair value loss on investment properties	10	(53,900)	(26,700)
Other gains	4	12,003	7,342
Staff costs		(194,815)	(200,633)
Rebates		(61,521)	(74,476)
Advertising and promotion expenses		(6,625)	(6,923)
Operating lease charges in respect of shop premise		(550)	(163)
Depreciation of right-of-use assets		(17,077)	(23,962)
Depreciation of property and equipment		(4,567)	(5,283)
Net impairment losses on financial assets		(6,461)	(10,362)
Other operating costs	5	(30,676)	(33,787)
Operating (loss)/profit		(7,333)	22,126
Finance costs, net	6	(16,029)	(16,180)
(Loss)/profit before income tax		(23,362)	5,946
Income tax expense	7	(3,279)	(7,641)
Loss for the year		(26,641)	(1,695)

CONSOLIDATED INCOME STATEMENT (Continued)*For the year ended 31 December 2024*

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Loss for the year attributable to:			
Equity holders of the Company		(26,043)	(733)
Non-controlling interests		(598)	(962)
		(26,641)	(1,695)
		HK cents	HK cent
Loss per share	9		
Basic and diluted		(1.443)	(0.041)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the year ended 31 December 2024*

	2024 HK\$'000	2023 HK\$'000
Loss for the year	(26,641)	(1,695)
Other comprehensive income for the year <i>Item that will not be reclassified to profit or loss</i>		
Remeasurement of post-employment benefit obligation	<u>1,191</u>	<u>24</u>
Total comprehensive loss for the year	<u>(25,450)</u>	<u>(1,671)</u>
Total comprehensive loss for the year attributable to:		
Equity holders of the Company	(24,852)	(709)
Non-controlling interests	<u>(598)</u>	<u>(962)</u>
	<u>(25,450)</u>	<u>(1,671)</u>

CONSOLIDATED BALANCE SHEET*As at 31 December 2024*

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
ASSETS			
Non-current assets			
Property and equipment		6,561	6,938
Right-of-use assets		10,017	22,839
Investment properties	10	952,900	1,006,800
Deferred income tax assets		13,582	10,541
		<u>983,060</u>	<u>1,047,118</u>
		-----	-----
Current assets			
Trade and other receivables	12	114,187	89,638
Loan receivables	11	251,064	333,710
Tax recoverable		1,459	1,792
Cash and cash equivalents		285,998	219,181
		<u>652,708</u>	<u>644,321</u>
		-----	-----
Total assets		<u><u>1,635,768</u></u>	<u><u>1,691,439</u></u>
		-----	-----
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		180,528	180,528
Share premium		745,086	745,086
Reserves		182,979	207,831
		<u>1,108,593</u>	<u>1,133,445</u>
Non-controlling interests		<u>2,715</u>	<u>6,028</u>
		-----	-----
Total equity		<u><u>1,111,308</u></u>	<u><u>1,139,473</u></u>
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CONSOLIDATED BALANCE SHEET (Continued)*As at 31 December 2024*

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		9,165	8,071
Lease liabilities		1,354	8,799
Bank borrowings	13	227,038	274,869
Other payables		5,198	6,887
		<u>242,755</u>	<u>298,626</u>
		-----	-----
Current liabilities			
Trade and other payables	14	122,156	125,581
Amounts due to non-controlling interests		210	420
Lease liabilities		9,495	16,061
Bank borrowings	13	146,006	109,356
Current income tax liabilities		3,838	1,922
		<u>281,705</u>	<u>253,340</u>
		-----	-----
Total liabilities		<u>524,460</u>	<u>551,966</u>
		-----	-----
Total equity and liabilities		<u>1,635,768</u>	<u>1,691,439</u>
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The Company is a limited liability company incorporated in the Cayman Islands and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its head office and principal place of business in Hong Kong is Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong.

The principal activities of the Group are the provision of property agency services in respect of commercial and industrial properties and shops, properties investment, credit business and securities investment in Hong Kong.

The Company’s immediate holding company is Wealth Builder Holdings Limited, a company incorporated in the British Virgin Islands with limited liability.

The Company’s ultimate holding company is Luck Gain Holdings Limited, a company incorporated in the British Virgin Islands with limited liability.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated, which have been approved by the Board on 31 March 2025.

2 Basis of preparation

2.1 Compliance with HKFRS and Hong Kong Companies Ordinance

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and requirements of the Hong Kong Companies Ordinance Cap. 622.

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

2.2 Historical cost convention

The consolidated financial statements have been prepared on a historical basis except for the investment properties which are carried at fair values.

2.3 Amended standards and interpretations effective in 2024

The adoption of the amended standards and interpretations does not have a material impact on the Group’s results of operations or financial position.

2.4 New and amended standards and interpretations which are not yet effective

The Group has not early applied the new and amended standards and interpretations that have been issued but not yet effective. The adoption of these new and amended standards and interpretations is not expected to have a material impact on the Group’s results of operation or financial position.

3 Revenues and segment information

(a) Revenues

	2024 HK\$'000	2023 HK\$'000
Revenues from contracts with customers within the scope of HKFRS 15		
Agency fee	301,481	338,524
	-----	-----
Revenues from other sources		
Rental income	28,392	27,498
Interest income from credit business	26,983	31,051
	-----	-----
	55,375	58,549
	-----	-----
Total revenues	<u>356,856</u>	<u>397,073</u>

3 Revenues and segment information (Continued)

(b) Segment information

The chief operating decision-makers have been identified as the executive directors of the Company (the “Executive Directors”). The Executive Directors review the Group’s internal reports in order to assess performance and allocate resources. The Executive Directors determine the operating segments based on these reports.

The Executive Directors assess the performance based on the nature of the Group’s businesses principally located in Hong Kong, which comprises property agency businesses for commercial and industrial properties and shops, properties investment, credit business and securities investment.

	Year ended 31 December 2024						
	Property agency			Properties investment	Credit business	Others	Total
	Commercial properties	Industrial properties	Shops				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenues	117,518	87,413	100,781	28,392	26,983	-	361,087
Inter-segment revenues	(2,819)	(836)	(576)	-	-	-	(4,231)
Revenues from external customers	114,699	86,577	100,205	28,392	26,983	-	356,856
Timing of revenue recognition							
- At a point in time	114,699	86,577	100,205	-	-	-	301,481
Rental income	-	-	-	28,392	-	-	28,392
Interest income	-	-	-	-	26,983	-	26,983
	114,699	86,577	100,205	28,392	26,983	-	356,856
Segment results	1,454	1,591	3,916	(36,417)	18,855	(2)	(10,603)
Fair value loss on investment properties	-	-	-	(53,900)	-	-	(53,900)
Depreciation of right-of-use assets	(7,905)	(4,475)	(4,697)	-	-	-	(17,077)
Depreciation of property and equipment	(2,537)	(726)	(1,280)	(15)	(9)	-	(4,567)
Impairment losses on financial assets	(1,895)	(1,083)	(1,776)	(93)	(1,614)	-	(6,461)
Additions to non-current assets	124	54	62	11	5	-	256

For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

3 Revenues and segment information (Continued)

(b) Segment information (Continued)

	Year ended 31 December 2023						
	Property agency			Properties investment	Credit business	Others	Total
	Commercial properties	Industrial properties	Shops				
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenues	124,708	84,814	143,020	27,498	31,051	-	411,091
Inter-segment revenues	(6,622)	(3,268)	(4,128)	-	-	-	(14,018)
Revenues from external customers	118,086	81,546	138,892	27,498	31,051	-	397,073
Timing of revenue recognition							
- At a point in time	118,086	81,546	138,892	-	-	-	338,524
Rental income	-	-	-	27,498	-	-	27,498
Interest income	-	-	-	-	31,051	-	31,051
	118,086	81,546	138,892	27,498	31,051	-	397,073
Segment results	(2,713)	5,949	4,773	(2,592)	25,785	9	31,211
Fair value loss on investment properties	-	-	-	(26,700)	-	-	(26,700)
Gain on disposal of a subsidiary	-	-	-	6,970	-	-	6,970
Depreciation of right-of-use assets	(8,585)	(5,847)	(9,530)	-	-	-	(23,962)
Depreciation of property and equipment	(2,256)	(1,453)	(1,530)	(33)	(11)	-	(5,283)
Reversal of impairment/ (impairment losses) on financial assets	2,009	(801)	(11,570)	-	-	-	(10,362)
Additions to non-current assets	1,383	478	2,078	-	-	-	3,939

The Executive Directors assess the performance of the operating segments based on a measure of operating results from each reportable segment. Corporate income/(expenses), bank interest income, interest on bank borrowings and income tax expense are not included in the segment results.

Revenues between segments arose from transactions which are carried out on terms with reference to market practice. Revenues from external customers reported to the Executive Directors are measured in a manner consistent with that in the consolidated income statement. The revenue from external customers is the same as the total revenue per consolidated income statement.

3 Revenues and segment information (Continued)

(b) Segment information (Continued)

A reconciliation of segment results to (loss)/profit before income tax is provided as follows:

	2024 HK\$'000	2023 HK\$'000
Segment results for reportable segments	(10,603)	31,211
Corporate income/(expenses)	2,535	(9,978)
Bank interest income (note 6)	7,367	6,568
Interest on bank borrowings (note 6)	(22,661)	(21,855)
	<u>(23,362)</u>	<u>5,946</u>
(Loss)/profit before income tax	<u>(23,362)</u>	<u>5,946</u>

Segment assets and liabilities exclude corporate assets and liabilities and deferred income taxation, all of which are managed on a central basis. Set out below is an analysis of assets and liabilities by reportable segment:

As at 31 December 2024							
	Property agency			Properties investment	Credit business	Others	Total
	Commercial properties	Industrial properties	Shops				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	33,258	32,174	36,855	955,141	251,371	7	1,308,806
Segment liabilities	28,637	40,996	34,204	20,908	562	-	125,307

As at 31 December 2023							
	Property agency			Properties investment	Credit business	Others	Total
	Commercial properties	Industrial properties	Shops				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	37,652	25,657	44,154	1,008,968	334,304	5	1,450,740
Segment liabilities	42,500	33,907	42,690	20,777	546	-	140,420

3 Revenues and segment information (Continued)

(b) Segment information (Continued)

Reportable segment assets are reconciled to total assets as follows:

	2024 HK\$'000	2023 HK\$'000
Segment assets	1,308,806	1,450,740
Corporate assets	313,380	230,158
Deferred income tax assets	13,582	10,541
Total assets	<u>1,635,768</u>	<u>1,691,439</u>

Reportable segment liabilities are reconciled to total liabilities as follows:

	2024 HK\$'000	2023 HK\$'000
Segment liabilities	125,307	140,420
Corporate liabilities	389,988	403,475
Deferred income tax liabilities	9,165	8,071
Total liabilities	<u>524,460</u>	<u>551,966</u>

4 Other gains

	2024 HK\$'000	2023 HK\$'000
Gain on disposal of a subsidiary	-	6,970
Compensation income (Note)	11,417	-
Others	586	372
	<u>12,003</u>	<u>7,342</u>

Note: During the year ended 31 December 2024, the Group recognised the compensation income of HK\$11,417,000 and reimbursement of legal costs of HK\$7,012,000 from a litigation claim settled in “Other gains” and “Other operating costs” respectively. The compensation income and reimbursement of legal costs were subsequently received as of the date of this announcement.

During the year ended 31 December 2023, the Group received HK\$7,508,000 from the insurance company for the reimbursement of legal costs incurred from a litigation claim. Therefore, the Group has recognised the reimbursement of legal costs of HK\$7,508,000 in “Other operating costs” during the year ended 31 December 2023.

5 Other operating costs

	2024 HK\$'000	2023 HK\$'000
Office and branch operating expenses (Note a)	14,649	16,048
Government rent and rates, building management fee (leased properties and investment properties)	6,907	7,573
Legal and professional fee	4,530	5,194
Reimbursement of legal costs (Note b)	(7,012)	(7,508)
Trademark licensing fee	1,203	1,325
Insurance expenses	4,066	4,509
Bank charges	1,144	1,072
Auditor's remuneration		
- audit services	1,486	1,367
- interim results review	-	343
Others	3,703	3,864
Other operating costs	<u>30,676</u>	<u>33,787</u>

For the year ended 31 December 2024, direct operating expenses arising from investment properties that generated rental income and did not generate rental income was HK\$6,299,000 and HK\$122,000 respectively, of which HK\$3,916,000 was included in other operating costs.

For the year ended 31 December 2023, direct operating expenses arising from investment properties that generated rental income and did not generate rental income were HK\$6,507,000 and HK\$121,000 respectively, of which HK\$4,083,000 were included in other operating costs.

Note:

(a) Office and branch operating expenses include utilities expenses, communication expenses, printing and stationery, transportation, and repair and maintenance.

(b) During the year ended 31 December 2024, reimbursement of legal fee of HK\$7,012,000 (2023: HK\$7,508,000) was recognised. Please refer to note 4 for the details.

6 Finance costs, net

	2024 HK\$'000	2023 HK\$'000
Finance income		
Bank interest income	7,367	6,568
Finance costs		
Interest on bank borrowings	(22,661)	(21,855)
Interest on lease liabilities	(735)	(893)
	<u>(23,396)</u>	<u>(22,748)</u>
Finance costs, net	<u>(16,029)</u>	<u>(16,180)</u>

7 Income tax expense

	2024 HK\$'000	2023 HK\$'000
Current income tax:		
Hong Kong profits tax	5,461	5,928
Deferred income tax	(2,182)	1,713
	<u>3,279</u>	<u>7,641</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong for the year, except for one subsidiary of the Company which is a qualifying corporation under the two-tiered profits tax rate regime.

For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong profits tax for this subsidiary was calculated on the same basis in 2023.

8 Dividend

The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: Nil).

9 Loss per share

The calculation of basic and diluted loss per share is based on the following:

	2024	2023
Loss attributable to equity holders of the Company for the calculation of basic and diluted loss per share (HK\$'000)	<u>(26,043)</u>	<u>(733)</u>
Weighted average number of shares for the calculation of basic and diluted loss per share (thousands)	<u>1,805,283</u>	<u>1,805,283</u>
Basic loss per share (HK cents)	<u>(1.443)</u>	<u>(0.041)</u>
Diluted loss per share (HK cents)	<u>(1.443)</u>	<u>(0.041)</u>

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of shares in issue during the year.

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the weighted average number of additional shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares arising from the exercise of share options of the Company.

For the years ended 31 December 2024 and 2023, the diluted loss per share is the same as the basic loss per share as the exercise of the share options of the Company would have an anti-dilutive effect.

10 Investment properties

	2024 HK\$'000	2023 HK\$'000
Opening net book amount	1,006,800	1,060,500
Change in fair value recognised in the consolidated income statement	(53,900)	(26,700)
Disposal	-	(27,000)
Closing net book amount	<u>952,900</u>	<u>1,006,800</u>

Investment properties of HK\$852,900,000 (2023: HK\$898,200,000) are pledged as security for the Group's bank borrowings (note 13).

11 Loan receivables

A maturity profile of the loan receivables as at the end of the reporting periods, based on the maturity date and net of provision, is as follows:

	2024 HK\$'000	2023 HK\$'000
Past due	60,721	52,095
Mature within 1 year	190,343	281,615
	<u>251,064</u>	<u>333,710</u>

Loan receivables represent property mortgage loans granted to customers in Hong Kong.

The Group's loan receivables are denominated in HK dollars.

12 Trade and other receivables

Trade receivables mainly represent agency fee receivables from customers whereby no general credit terms are granted. The customers are obliged to settle the amounts due upon the completion of or pursuant to the terms and conditions of the relevant agreements. The aging analysis of the trade receivables is as follows:

	2024 HK\$'000	2023 HK\$'000
Current (not yet due)	74,323	60,097
Less than 30 days past due	4,207	4,741
31 to 60 days past due	1,742	-
61 to 90 days past due	352	-
	<u>80,624</u>	<u>64,838</u>

The Group's trade and other receivables are denominated in HK dollars.

13 Bank borrowings

The Group's bank borrowings are repayable as follows:

	2024 HK\$'000	2023 HK\$'000
Secured bank borrowings without repayment on demand clause		
- repayable within 1 year	146,006	109,356
- repayable after 1 year but within 2 years	100,380	138,356
- repayable after 2 years but within 5 years	126,658	136,513
	<u>373,044</u>	<u>384,225</u>
Categorised as		
Current portion	146,006	109,356
Non-current portion	227,038	274,869
	<u>373,044</u>	<u>384,225</u>

The Group's bank borrowings are denominated in HK dollars.

The bank borrowings are secured by investment properties of HK\$852,900,000 (2023: HK\$898,200,000) held by the Group (note 10) and corporate guarantee given by the Company.

The Group has the following undrawn borrowing facilities:

	2024 HK\$'000	2023 HK\$'000
Floating rates		
Expiring within one year	73,000	135,000
	<u>73,000</u>	<u>135,000</u>

14 Trade and other payables

Trade payables include mainly the commissions and rebate payables to property consultants, co-operative estate agents and property buyers, which are due for payment only upon the receipt of corresponding agency fees from customers. These balances include commissions and rebate payables of HK\$14,302,000 (2023: HK\$17,214,000) in respect of which the corresponding agency fees have been received, and are due for payment within 30 days after year end, and all the remaining commissions and rebate payables are not yet due.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group announces that for the year ended 31 December 2024, the Group recorded a net loss attributable to equity holders of approximately HK\$26 million as compared to a net loss attributable to equity holders of approximately HK\$1 million for the year ended 31 December 2023.

The increase in net loss attributable to equity holders of the Company for the year ended 31 December 2024 was mainly attributable to a significant increase in fair value loss on the Group's investment properties due to the fragile non-residential property market in 2024.

During the reporting period, the Group's financial results were adversely affected by the poor market conditions which was caused by weak local consumption, strong currency, drop in visitor spending, elevated interest rates and enterprises putting their expansion plans on hold, which continued to suppress the non-residential property market activities and prices in Hong Kong. Excluding the fair value loss on the investment properties, a profit from the Group's operations is recorded notwithstanding the difficult market environment in 2024.

Non-Residential Property Sectors Remained Subdued

The non-residential property sectors continued to face significant headwinds, with transaction volumes declining across the board in the year 2024. The Group's data shows that industrial units saw a 13% drop year-on-year in transaction volume, while that of offices and shops experienced decreases of 10% and 9%, respectively. The broader economic uncertainty weighed heavily on investment sentiment. Intensified geopolitical tensions and the prevalence of cross-border consumption affecting the operations of all industries further dampened buyers' appetite for non-residential property investments. Many potential investors remained cautious, opting to hold off on major purchases amidst the volatile market conditions.

Secondly, the elevated interest rate environment coupled with the banks' extremely cautious attitude on non-residential property loan approval continued to discourage investment activities across the non-residential property sectors. The two interest rate cuts by the U.S. Federal Reserve in the final quarter of 2024 came too little and too late for non-residential property segment. Making the situation worse was the persistent decline in rent. High borrowing costs coupled with the drop in rental returns put tremendous amount of pressure on asset value.

Unlike the residential property market, which has benefitted from a significant influx of Mainland Chinese buyers following the complete removal of tightening measures, the industrial, office, and shop markets did not see notable increase of demand driven by the policy change. It was not until the final quarter of 2024 that the market showed signs of moderate improvement, as the reductions in interest rate helped revive transaction activity slightly across the aforesaid three sub-segments of the non-residential market. However, the overall sales performance for the year 2024 remained lacklustre as compared with that in the pre-pandemic era.

Other Sources of Income - Property Leasing Business Outperformed

The property investment segment (daily operations) and credit business segment continued to make contributions to the Group's results, stabilising the Group's overall performance.

The Group's property leasing business outperformed in 2024, recording gains in both revenue and profit from its operations (excluding fair value loss on investment properties and gain on disposal of subsidiary). The occupancy rate of the investment portfolio stayed high. The Group's serviced apartment business registered high occupancy rates and slight rental income gains in 2024, mainly due to the strong demand for rental housing in Hong Kong. Notably, the commercial property portion of the investment portfolio also showed improvements in performance despite the poor market conditions – a mark of the outstanding planning of the property management team of the Group.

In 2024, the operating environment for the Group's credit business was challenging. Firstly, interest rates stayed elevated for most of the year, which narrowed the profit margin. Secondly, competition has heightened after the relaxation of mortgage lending restrictions. In general, the quality of prospective loan cases in the market has deteriorated.

However, the Group has always adhered to a prudent credit policy and has not compromised on safety margins for riskier business. Despite the difficult market environment, the Group's credit business remained profitable in 2024. That said, the overall loan size shrank as the amount of new loans could not fully offset that of the repayments.

Economic Outlook is Fraught with Thorns and Difficulties

The Hong Kong government is facing significant fiscal challenges. In the 2024-25 financial year, the budget deficit will be huge. This is largely due to the depressed asset market and slowing global economy, which have impacted key revenue sources of the government such as land sales, profits tax, and property transactions.

Boldly Forging Ahead

Despite the market headwinds, there are emerging causes for optimism for the Hong Kong economy. Firstly, the hike in U.S. tariffs on imports from China looks modest compared with the level threatened during the U.S. 2024 presidential election campaign. This is a promising sign that a full-blown trade war may be avoided.

The Hong Kong stock market had a strong performance in 2024, paving the way for around 80 new listings, which are expected to raise up to HK\$130 billion to HK\$150 billion in 2025, according to Deloitte China. This robust IPO market could help reinforce Hong Kong's status as a leading international financial centre. Moreover, the new measures announced at the recent budget such as the optimisation of the thresholds for dual primary listing and secondary listing and the establishment of a dedicated "technology enterprises channel" to facilitate the relevant companies in preparing for listing applications are also expected to provide further support. More encouragingly, the government has announced the suspension of the sales of commercial sites. This measure is believed to alleviate the oversupply problem of office premises and help stabilise their prices and rents.

Furthermore, the Hong Kong government has been actively promoting mega events and attractions to draw in more tourists. The opening of the new Kai Tak Sports Park is one example - this is Hong Kong's largest sports and entertainment infrastructure project to date. In addition to hosting a number of major sports events, renowned superstars and popular artists will also be holding high-profile concerts at the new venue, which perhaps could spawn a "concert economy" to revitalise the tourism sector. In addition, the central government's decision to resume and expand the multiple-entry Individual Visit Scheme for Shenzhen residents is expected to significantly increase the number of eligible visitors to over 10 million. This new policy is anticipated to provide a major boost to Hong Kong's economic recovery, particularly for the tourism, retail, and catering industries, by enabling Shenzhen residents to visit the city more conveniently and frequently. Indeed, in January 2025, the number of visitors to Hong Kong reached 4.74 million, with around 3.73 million from Mainland China, which was a new high since the pandemic.

A buoyant IPO market, and the government's efforts to revive tourism can be seen as an indication that Hong Kong's economy may be poised for a turnaround in the coming years, despite the recent challenges.

Overall, a combination of factors points to potential support for Hong Kong's non-residential property market. The office sector is likely to benefit from improved sentiment in the IPO market while the shops sector will turn more active amid the resurgence of consumer spending from Mainland Chinese tourists, and the industrial sector may see slight increase in activities if interest rates continue to fall.

Boost Cross-platform Collaborative Opportunities

The non-residential market has experienced a prolonged downturn. To explore business opportunities, the Group is determined to change and promote synergies between its sales operations and those of the relevant members of the Midland Group, a group of companies related to the Company. It also aims to strengthen the mutual tie with the non-residential property division of Midland Group's Mainland China operation, while increasing the pace of rejuvenation of the sales team.

Fully Geared Up to Raise Productivity

In 2024, non-residential property market transaction volume reached a 29-year low. The market has already eliminated a batch of competitors, and if the market continues to be sluggish, it is believed that more competitors will scale back. If we continue to recruit more personnel and implement a strategy of rejuvenation, when the market bounces back, our productivity will be enhanced. Besides, estate agents' roles have become increasingly critical, with vendors eager to sell and landlords striving to fill vacancies. This heightened demand has raised the reliance of our clients on professional agency services.

The Group believes that “the worst will gradually be over” for the non-residential sector. In fact, the monthly transaction volume of commercial properties has already shown an uptick towards the end of 2024, with several big-ticket transactions taking place, mainly driven by user demand. One of the major reasons for the improvement is that commercial property prices have fallen significantly, reaching an attractive level for many buyers. According to Rating and Valuation Department, property prices for industrial units, office premises and shops have stumbled 28% to 44% from their peaks. Market intelligence shows that some quality office units even recorded a price drop of 60 to 70%. In addition, property prices in some non-core commercial districts have fallen to a level implying zero land cost, so they are not likely to fall sharply from the current level.

The Group also believes that due to the significant drop in prices from the peak, young buyers and non-traditional investors will find it an opportune time to go against the tide and enter the market. To help clients better understand market information, the Group will draw on the successful experience of Midland Group and aggressively develop its online platform. The Group will launch a brand-new website to make traditional, specialised non-residential property information more transparent and accessible online. This will assist young owners, buyers, and tenants in gaining a deeper understanding of this sector. At the same time, the Group will reinforce the business interaction between Midland IC&I and Midland Group, allowing clients to access a wider range of real estate listings through the frontline staff of the Group, including residential properties and properties in Mainland China.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2024, the Group had cash and cash equivalents of HK\$285,998,000 (2023: HK\$219,181,000), whilst bank borrowings amounted to HK\$373,044,000 (2023: HK\$384,225,000).

The maturity profile of the Group's borrowings is set out as follows:

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Secured bank borrowings without repayment on demand clause		
- repayable within 1 year	146,006	109,356
- repayable after 1 year but within 2 years	100,380	138,356
- repayable after 2 years but within 5 years	126,658	136,513
	373,044	384,225

The Group's bank borrowings were secured by certain investment properties held by the Group of HK\$852,900,000 (2023: HK\$898,200,000). As at 31 December 2024, the Group had unutilised borrowing facilities amounting to HK\$73,000,000 (2023: HK\$135,000,000) from various banks. The Group's cash and bank balances are deposited in Hong Kong dollars and the Group's bank borrowings are in Hong Kong dollars. The bank borrowings and overdraft facilities were granted to the Group on a floating rate basis.

As at 31 December 2024, the gearing ratio of the Group was 33.6% (2023: 33.7%). The gearing ratio is calculated on the basis of the Group's total bank borrowings over total equity of the Group.

The liquidity ratio of the Group, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 2.3 (2023: 2.5). The return on equity of the Group, which is the ratio of loss for the year over total equity was -2.40% (2023: -0.15%).

With committed banking facilities in place and a solid base of recurrent income, the directors of the Company (the "Directors") are of the view that there are sufficient financial resources to satisfy the Group's on-going working capital requirements.

Consistent with the overall treasury objectives and policy, the Group undertakes treasury management activities with respect to its available cash so as to generate investment return to enhance the Group's financial position. The criteria for selection of investments will include (i) the risk profile involved and not speculative in nature; (ii) the liquidity of an investment; (iii) the after tax equivalent yield of an investment; and (iv) structured products are prohibited. In line with its liquidity objectives, the Group invests mostly in liquid instruments, products or equities with good credit quality. Investment in fixed income products are structured in different maturity profile to cater for ongoing business development.

The Group's income and monetary assets and liabilities are denominated in Hong Kong dollars. The Directors consider that the foreign exchange exposure of the Group is minimal.

Fair value losses on investment properties

During the year, the Group recorded a fair value loss of HK\$53.9 million (2023: HK\$26.7 million) on revaluation of investment properties.

Information on the Group's loan portfolio and money lending business

As at 31 December 2024, the outstanding loan receivables was HK\$251.1 million (2023: HK\$333.7 million). The outstanding loan balance involved 31 cases (2023: 36 cases) with different borrowers. The largest outstanding loan receivable was HK\$43.2 million (representing approximately 17% of the outstanding loan portfolio as a whole) which was secured by a first mortgage over a residential property located at a prime location with a loan to value ratio of 82%. The second largest outstanding loan receivable was HK\$25.1 million (representing approximately 10% of the outstanding loan portfolio as a whole) which was secured by a first mortgage over a residential property located at a prime location with a loan to value ratio of approximately 36%. As at 31 December 2024, the amount of loan receivables from the five largest borrowers was HK\$132.7 million (2023: HK\$176.6 million), representing approximately 53% of the outstanding loan portfolio as a whole (2023: 53%).

As at 31 December 2024, all the outstanding loan receivables were secured by first mortgage over residential and / or non-residential properties, with average loan to value ratio of approximately 55% (as at 31 December 2023: 60%). Impairment loss on loan of HK\$1.6 million was made for the year ended 31 December 2024 (2023: nil).

The credit business of the Group is operated by Legend Credit Limited ("Legend Credit"), the Group's money lending unit. Such credit business provides a stable revenue and cash flow to the Group.

In general, each loan application must go through three stages before granting to the borrower, namely (i) document collection and verification; (ii) credit risk assessment; and (iii) approval of the credit committee.

The credit risk assessment is based on the financial strength and repayment ability of the borrower, the collateral provided, prevailing market and competitive conditions and interest rate environment.

All loans advanced by Legend Credit are subject to approval on a case-by-case basis by a credit committee, which comprises members of the senior management who possess expertise in the property and financing fields.

Interest rates on loans are offered based on the assessed degree of credit risks, loan period, loan amount, availability of funds, and any other relevant business relationships with the borrower.

The Group manages its loan portfolio to minimise concentration by the relationship between borrowers to maintain a diversified client base and lessen credit risk exposures. Legend Credit's collection team will conduct periodic review of its portfolio to monitor risks of default. They will also monitor whether borrowers make timely repayments and fulfil covenants during the life of the loan. The collection team will follow up promptly on late repayments, and liaise with borrowers for settlement. The Group will enforce securities and take legal actions for overdue debts when necessary.

Contingent liabilities

The Group has been involved in certain claims/litigations in respect of property agency services, including a number of cases in which third party customers alleged that certain Group's employees, when advising the customers, had made misrepresentations about the properties that the customers intended to acquire. After seeking legal advice, the management is of the opinion that either an adequate provision has been made in the consolidated financial statements to cover any potential liabilities or that no provision is required as based on the current facts and evidence there is no indication that an outflow of economic resources is probable.

EMPLOYEE INFORMATION

As at 31 December 2024, the Group employed 405 full-time employees (2023: 480).

The emolument policy regarding employees of the Group is largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus, incentives tied in with profits and share options may be granted to eligible staff by reference to the Group's performance and individual performance. The Group also provides other benefits to its employees such as education subsidies, medical and retirement benefits. In respect of staff development, both in-house and external training and development programmes are conducted on a regular basis.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions as set out in the Corporate Governance Code stated in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 December 2024.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules.

On specific enquiries made, all the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions at all applicable times during the year ended 31 December 2024.

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

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

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024. The figures in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF 2024 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.legendupstarholdings.com). The 2024 Annual Report will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to our shareholders, customers, management, and staff for their resilience and ingenuity during these challenging times. Their dedication and innovative thinking have been instrumental in helping the Group navigate the persistent headwinds in the market.

By Order of the Board
Legend Upstar Holdings Limited
MUI Ngar May, Joel
Company Secretary

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises seven Directors, of which four are Executive Directors, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela, Mr. LO Chin Ho, Tony and Mr. WONG Alexander Yiu Ming; and three are Independent Non-Executive Directors, namely Mr. SHA Pau, Eric, Mr. WONG Chung Kwong and Mr. LI Wai Keung.