Battling Against Adversity

Ascending Together

鋑聯控股
LEGEND UPSTAR HOLDINGS

Legend Upstar Holdings Limited
Incorporated in the Cayman Islands with limited liability
(Stock Code 股份代號 : 459)

Annual Report 2024 年報

www.midlandici.com.hk

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Executive Directors

Mr. WONG Kin Yip, Freddie *(Chairman)*
Ms. WONG Ching Yi, Angela
Mr. LO Chin Ho, Tony
Mr. WONG Alexander Yiu Ming

Independent Non-Executive Directors

Mr. SHA Pau, Eric
Mr. WONG Chung Kwong
Mr. LI Wai Keung

AUDIT COMMITTEE

Mr. LI Wai Keung *(Committee Chairman)*
Mr. SHA Pau, Eric
Mr. WONG Chung Kwong

REMUNERATION COMMITTEE

Mr. LI Wai Keung *(Committee Chairman)*
Mr. WONG Kin Yip, Freddie
Mr. WONG Alexander Yiu Ming
Mr. SHA Pau, Eric
Mr. WONG Chung Kwong

NOMINATION COMMITTEE

Mr. WONG Kin Yip, Freddie *(Committee Chairman)*
Mr. WONG Alexander Yiu Ming
Mr. SHA Pau, Eric
Mr. WONG Chung Kwong
Mr. LI Wai Keung

COMPANY SECRETARY

Ms. MUI Ngar May, Joel

AUTHORISED REPRESENTATIVES

Ms. WONG Ching Yi, Angela
Mr. SZE Ka Ming

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2505-8, 25th Floor
World-Wide House
19 Des Voeux Road Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor
Prince's Building
Central
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
Shanghai Commercial Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

CORPORATE WEBSITE

www.legendupstarholdings.com

STOCK CODE

459

Joint Award Ceremony with Midland Realty

In recognition of our outstanding elites, Midland IC&I and Midland Realty jointly held an award presentation ceremony to honor the contributions of colleagues. The event also aimed to encourage cooperation among the department units of the company.

Fully Supporting Events Organized by Property Developers

Midland IC&I has always maintained a good relationship with numerous property developers and has been invited to various events held by developers. This strengthens cooperation between both parties and fosters closer interaction.

Holding the Award Presentation Ceremony in the First Half of the Year

Although the commercial property market has not yet recovered, our colleagues at Midland IC&I have achieved impressive results. Midland IC&I, once again, held the award presentation ceremony, presenting multiple major awards and encouraging all colleagues to keep up their hard work.

Summer Internship Program

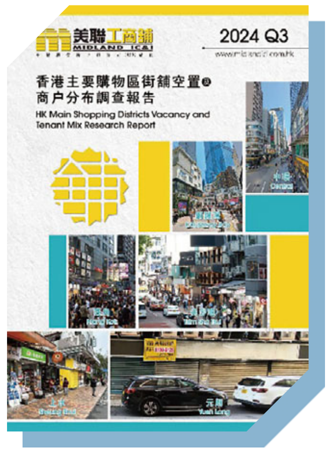
The Group has been proactive in nurturing the next generation of talent. Each year, it provides local graduates or undergraduates with internship and employment opportunities, offering opportunities for them to put the knowledge that they acquired from higher education into practice. Furthermore, some interns became our full-time employees after the internship, injecting new energy into the company.

Holding Market Analysis Press Conferences Regularly

The Hong Kong commercial property market continues to be influenced by global political and economic uncertainties. To assist market stakeholders in staying updated on market conditions, the Group has been holding multiple press conferences to analyze the market trends and share comprehensive research data, providing the public with a wide range of information regarding commercial property.

Launching Hong Kong Main Shopping Districts Shop Vacancy and Tenant Mix Research Report

The Group publishes multiple survey reports each year, providing a detailed analysis of vacancy rates and merchant distribution in five major shopping areas: Causeway Bay, Tsim Sha Tsui, Central, Mong Kok and Yuen Long. We incorporate industry data analysis from various industries based on market conditions.



Inviting Outstanding Colleagues for Vacations

The Group has always valued talent. To recognize the contributions of our elite colleagues, the company has organized multiple vacations to Japan, helping them to relax and prepare for future challenges.

BUSINESS REVIEW

Legend Upstar Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") announce 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.

APPRECIATION

I would like to express my 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.

WONG Kin Yip, Freddie
Chairman

Hong Kong, 31 March 2025

EXECUTIVE DIRECTORS

Mr. WONG Kin Yip, Freddie, aged 75, has been the Chairman and Executive Director of the Company since October 2019. He is also the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company.

Mr. WONG is responsible for the leadership of the Board, formulating and overseeing the overall corporate directions and corporate strategies of the Group, and driving the Board and the individual directors to perform to the best of their ability.

Mr. WONG established Midland Realty in 1973 and has over 51 years of experience in the real estate agency business in Hong Kong, China and overseas. He is a pioneer in the mortgage brokerage business and introduced mortgage referral services to Hong Kong. Mr. WONG is also the Chairman and Executive Director of Midland Holdings Limited ("Midland") (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")). Mr. WONG is the Honorary Adviser of The Association of Hong Kong Professionals, and the chairman and permanent director of Midland Charitable Foundation Limited. In addition, Mr. WONG was a member of The Shenzhen Committee of the Chinese People's Political Consultative Conference, a member of the Estate Agents Authority in Hong Kong, a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region, and a vice president of The Association of Hong Kong Professionals.

Mr. WONG is a director of Luck Gain Holdings Limited and Wealth Builder Holdings Limited which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is the father of Ms. WONG Ching Yi, Angela and Mr. WONG Alexander Yiu Ming, Executive Directors of the Company.

Ms. WONG Ching Yi, Angela, aged 44, has been an Executive Director of the Company since December 2011. She was an Executive Director of the Company from June 2007 to March 2008. She is also the Chairman of the Risk Committee of the Company.

Ms. WONG is responsible for formulating, overseeing and implementing the overall corporate strategies and policies as well as the corporate development and governance of the Group. She is also responsible for the overall management and sales operations of the Group, and oversees other functions ranging from finance, professional services, investor relations, information technology to corporate communications. Ms. WONG has solid experience in real estate industry and has been a key contributor to the growth and development of the Group. Ms. WONG is also an Executive Director of Midland. She is a director and the president of Midland Charitable Foundation Limited.

Ms. WONG is a fellow member of the Hong Kong Institute of Certified Public Accountants. She obtained a bachelor's degree in Business Administration (Accounting and Finance) from The University of Hong Kong and a Master of Business Administration degree from the HKUST Business School. She is the vice chairman of the Executive Committee of The Association of Hong Kong Professionals.

Ms. WONG is a director of Luck Gain Holdings Limited and Wealth Builder Holdings Limited which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance. She is the daughter of Mr. WONG Kin Yip, Freddie, the Chairman, Executive Director and controlling shareholder of the Company, and the sister of Mr. WONG Alexander Yiu Ming, an Executive Director of the Company.

Mr. LO Chin Ho, Tony, aged 62, has been an Executive Director of the Company since July 2021. He was the chief executive officer of the property agency business of the Group from July 2021 to December 2024. Mr. LO had been the director of the shops division of the property agency business of the Group prior to his appointment as the Executive Director of the Company. He joined the Group in 2001, and has over 32 years of experience in non-residential property agency industry, specialising in shops, in Hong Kong. He is a director of various members of the Group.

Mr. WONG Alexander Yiu Ming, aged 34, has been an Executive Director of the Company since August 2021. He is also a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Alexander WONG had been the Associate Director of a subsidiary of the Company prior to his appointment as the Executive Director of the Company. He joined the Group in January 2014. He established and is responsible for the money lending business of the Group and assists in the formulation and implementation of the property and bonds investment strategies as well as enhancing the value of the investment properties of the Group. Mr. Alexander WONG is a member of the Hong Kong Institute of Certified Public Accountants. He graduated from The University of Nottingham with a bachelor's degree in Finance, Accounting and Management. Prior to joining the Group, he worked for an international property agency. He is the son of Mr. WONG Kin Yip, Freddie, the Chairman, Executive Director and controlling shareholder of the Company, and the brother of Ms. WONG Ching Yi, Angela, an Executive Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SHA Pau, Eric, aged 67, has been an Independent Non-Executive Director of the Company since March 2006. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Mr. SHA is the founder and is currently the managing director of Konda Industries Limited, a special leather goods manufacturing and exporting firm. He has over 39 years of solid experience in international marketing field and specialises in corporate strategy formulation, overall management and marketing. Mr. SHA holds a bachelor's degree in arts from the University of Windsor, Ontario, Canada.

Mr. WONG Chung Kwong, aged 74, has been an Independent Non-Executive Director of the Company since July 2021. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. WONG has been in the local and mainland real estate markets for over 50 years and has solid experience in property mergers and acquisitions, property investment and asset management. Mr. WONG had worked in property development and management companies in Hong Kong and mainland. Mr. WONG was an executive director of CSI Properties Limited from April 2010 to August 2016 (a company listed on the Main Board of the Stock Exchange). Mr. WONG is currently a senior consultant in Wang On Properties Limited (a company listed on the Main Board of the Stock Exchange).

Mr. LI Wai Keung, aged 68, has been an Independent Non-Executive Director of the Company since March 2022. He is also the Chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. LI has more than 46 years of experience in financial management. Mr. LI graduated from the Hong Kong Polytechnic and holds a Master's degree in Business Administration from the University of East Asia, Macau (currently known as the University of Macau). He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. LI was a standing member of the 12th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference and is currently the honorary president and director of Hong Kong Business Accountants Association, a member of China Overseas Friendship Association, and an advisor of Management Accounting of the Ministry of Finance, The People's Republic of China. He was also the former chairman of the Council of the Hong Kong Chinese Orchestra Limited.

Mr. LI is an executive director of Hans Group Holdings Limited (formerly known as Hans Energy Company Limited) since his re-designation from an independent non-executive director to an executive director on 31 July 2024. He is also an independent non-executive director of Shenzhen Investment Limited, Centenary United Holdings Limited and China South City Holdings Limited. The aforesaid companies are listed on the Main Board of the Stock Exchange.

Mr. LI was an executive director and chief financial officer of GDH Limited until his resignation effective from 27 June 2019 and 31 December 2019 respectively. He was also an executive director of Guangdong Land Holdings Limited and a non-executive director of Guangdong Investment Limited until his resignation effective from 20 February 2020 and 28 March 2020 respectively (both companies are listed on the Main Board of the Stock Exchange). Mr. LI had worked for Henderson Land Development Company Limited (a company listed on the Main Board of the Stock Exchange).

The board (the "Board") of the directors of the Company (collectively the "Directors", each a "Director") recognises that sound and effective corporate governance practices and procedures, with an emphasis on integrity, transparency, accountability and independence, are essential to enhance the shareholders' value and safeguard the shareholders' interest. The Company is committed to maintaining a good corporate governance standard and endeavors to ensure that its businesses are conducted in accordance with all applicable rules and regulations.

CORPORATE GOVERNANCE PRACTICES

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

BOARD OF DIRECTORS

(i) Board Responsibilities and Delegation

The Board is responsible for the management of the Company, which includes, inter alia, formulating business strategies, directing and supervising the Company's affairs, approving interim and annual reports, announcements of interim and annual results, considering dividend policy, and approving the grant of share options or any change in the capital structure or notifiable transactions of the Company.

The daily management, administration and operation of the Group are delegated to the management of the Company. The Board gives clear directions to the management as to its powers and circumstances in which the management shall report to the Board.

All the Directors have full and timely access to all relevant information and have access to the advice and services of the Company Secretary of the Company, with a view to ensuring that all proper Board procedures, applicable rules and regulations are followed.

The Company recognises the importance of Board independence in upholding good corporate governance and has in place a written mechanism for ensuring independent views and input are available to the Board. Such mechanism aims to ensure that the Directors may seek independent legal, financial or other professional advice from advisors independent of those advising the Company as and when necessary in appropriate circumstances so as to enable them to discharge their responsibilities, either on the Company's affairs or in respect of their fiduciary duties or other duties, at the Company's expense. The Company has established channels through formal and informal means whereby Independent Non-Executive Directors could express their views in an open, candid and confidential manner, should circumstances require. These include dedicated meeting sessions between the Chairman of the Board and the Independent Non-Executive Directors, and interaction between management and other Board members including the Chairman of the Board outside the boardroom. The Board has reviewed and is satisfied with the implementation and effectiveness of such mechanism.

The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed regularly.

(ii) Board Composition

The Board currently comprises seven Directors with four Executive Directors and three Independent Non-Executive Directors. As at the date of this Annual Report, the composition of the Board is set out as follows:

Executive Directors
Mr. WONG Kin Yip, Freddie *(Chairman)*
Ms. WONG Ching Yi, Angela
Mr. LO Chin Ho, Tony
Mr. WONG Alexander Yiu Ming

Independent Non-Executive Directors
Mr. SHA Pau, Eric
Mr. WONG Chung Kwong
Mr. LI Wai Keung

BOARD OF DIRECTORS (Continued)

(ii) Board Composition (Continued)

Save and except Mr. WONG Kin Yip, Freddie is the father of Ms. WONG Ching Yi, Angela and Mr. WONG Alexander Yiu Ming, and Ms. WONG Ching Yi, Angela is the sister of Mr. WONG Alexander Yiu Ming, none of the members of the Board are related to one another. The biographical details of the Directors are set out in the section "Profile of Directors" on pages 8 to 10 of this Annual Report.

Taking into account the knowledge, expertise and experience of the Directors, the Board considers that the Directors have balanced skills, experience and diversity of perspectives appropriate to the business and development of the Group.

(iii) Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer of the Company are separated.

Mr. WONG Kin Yip, Freddie is the Chairman of the Company. The Chairman of the Company leads the Board and is responsible for ensuring that the Board functions effectively and acts in the best interests of the Company.

All other Executive Directors (except the Chairman) take up the role of chief executive officer of the Company, and are responsible for formulating the corporate and business strategies and development, and the implementation of strategies and policies to achieve the overall objectives of the Group.

(iv) Board Meetings and Directors' Attendance

During the year ended 31 December 2024, the Board held five meetings to discuss and approve, inter alia, the interim and annual results and other significant issues of the Group. At least 14 days' notice of regular Board meetings is given to the Directors who are given the opportunity to include other matters in the agenda of meetings. Individual attendance records of each of the Directors at the respective meetings of the Board and Board committees and general meetings are set out on page 17 of this Annual Report.

(v) Non-Executive Directors

Mr. SHA Pau, Eric, Mr. WONG Chung Kwong and Mr. LI Wai Keung, all the Independent Non-Executive Directors, have been appointed for a specific term of one and a half years. They are all subject to retirement by rotation and shall be eligible for re-election at the Company's annual general meeting at least once every three years in accordance with the articles of association of the Company.

Throughout the year ended 31 December 2024 and up to the date of this Annual Report, the Board has at all times met the requirements under Rule 3.10 of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise and the requirements under Rule 3.10A of the Listing Rules relating to the appointment of the independent non-executive directors representing at least one-third of the board. The Board has received from each Independent Non-Executive Director an annual written confirmation of his independence and considered that all the Independent Non-Executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

(vi) Nomination, Appointment and Re-election of Directors

All new appointment of Directors and nomination of Directors proposed for re-election at the annual general meeting are first considered by the Nomination Committee in accordance with the nomination policy of the Company. The Nomination Committee will assess the candidate or incumbent on criteria such as experience, skills, knowledge and time commitment to carry out the duties and responsibilities of Director. The recommendations of the Nomination Committee will then be put to the Board for decision. Details of the role and function as well as a summary of the work performed by the Nomination Committee are set out under the heading of "Nomination Committee" below.

BOARD OF DIRECTORS (Continued)

(vi) Nomination, Appointment and Re-election of Directors (Continued)

In accordance with the Company's articles of association, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation but are eligible for re-election by shareholders at the annual general meeting provided that every Director is subject to retirement by rotation at least once every three years. If an Independent Non-Executive Director has served more than nine years, his further appointment should be subject to a separate resolution to be approved by the shareholders of the Company. All Directors appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting and shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

(vii) Directors' Training

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide a comprehensive induction package comprising a summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Company's constitutional documents and a publication entitled "A Guide on Directors' Duties" issued by the Companies Registry to each newly appointed Director to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

The Company Secretarial Department of the Company reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors and may provide them with written materials, where appropriate, as well as organises seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

During the year, the Directors received reading materials covering corporate governance and regulatory development. A summary of the record of training received by the current Directors during the year is as follows:

	Training on corporate governance, regulatory development and/or other relevant topics
Executive Directors	
Mr. WONG Kin Yip, Freddie	✔
Ms. WONG Ching Yi, Angela	✔
Mr. LO Chin Ho, Tony	✔
Mr. WONG Alexander Yiu Ming	✔
Independent Non-Executive Directors	
Mr. SHA Pau, Eric	✔
Mr. WONG Chung Kwong	✔
Mr. LI Wai Keung	✔

BOARD COMMITTEES

The Board has established Board committees, including the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Committee, for overseeing the respective aspects of the Group's affairs.

The Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice at the Company's expense in appropriate circumstances.

(i) Executive Committee

The Executive Committee mainly operates as a general management committee with delegated authority from the Board. It has the authority delegated by the Board to approve matters relating to the daily operations and management and business affairs of the Group. The Board reserves the power to make broad policy decisions and approve important corporate actions. As at the date of this Annual Report, the Executive Committee comprises four members, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela, Mr. LO Chin Ho, Tony and Mr. WONG Alexander Yiu Ming, all being the Executive Directors.

(ii) Audit Committee

As at the date of this Annual Report, the Audit Committee is chaired by Mr. LI Wai Keung, with two other members, namely Mr. SHA Pau, Eric and Mr. WONG Chung Kwong, all being the Independent Non-Executive Directors. In compliance with Rule 3.10(2) of the Listing Rules, at least one of the members of the Audit Committee possesses the appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee is mainly responsible for, inter alia, reviewing the Group's financial statements including the interim and annual results and reports, the effectiveness of the Group's financial controls and internal control system and reviewing the Group's financial and accounting policies and practices. The Audit Committee makes recommendation to the Board on the selection and remuneration of the external auditor, and reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The written terms of reference of the Audit Committee setting out its roles and responsibilities are published on the websites of the Company and the Stock Exchange.

During the year, two Audit Committee meetings were held to review the interim and annual reports with relevant announcements and financial statements, consider the report from PricewaterhouseCoopers on the annual audit of the financial statements, review the audit strategy, work scope, quality, fees and terms of engagement for audit and non-audit services from the external auditor and assess its independence, recommend the re-appointment of PricewaterhouseCoopers as the auditor based on its review and assessment, review the internal audit reports and the reports on risk management and monitor the implementation of the recommended actions as well as the effectiveness of the internal control and risk management systems, approve the internal audit plan, and review the continuing connected transactions and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions as well as those relating to the environmental, social and governance of the Group. External auditor of the Company were invited to attend and discuss at the Audit Committee meetings. There was no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditor of the Company.

For the year ended 31 December 2024, the Company had in place arrangement for stakeholders of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters and the whistleblowing policy.

BOARD COMMITTEES (Continued)

(iii) Remuneration Committee

As at the date of this Annual Report, the Remuneration Committee is chaired by Mr. LI Wai Keung, being an Independent Non-Executive Director, with four other members, namely Mr. WONG Kin Yip, Freddie, Mr. WONG Alexander Yiu Ming, Mr. SHA Pau, Eric and Mr. WONG Chung Kwong. Majority of the Remuneration Committee members are Independent Non-Executive Directors.

The Remuneration Committee is mainly responsible for, inter alia, reviewing and recommending the remuneration packages of individual Executive Directors and senior management of the Company and recommending the remuneration of the Non-Executive Directors (including Independent Non-Executive Directors) to the Board for approval, and reviewing the remuneration policy for Directors from time to time. The written terms of reference of the Remuneration Committee setting out its roles and responsibilities are published on the websites of the Company and the Stock Exchange.

The work of the Remuneration Committee during the year included reviewing and making recommendations on the remuneration packages of the Directors to the Board for approval, and reviewing the Group's overall remuneration. During the year, two Remuneration Committee meetings were held.

There was no matter relating to the share scheme of the Company that was reviewed and/or recommended to the Board by the Remuneration Committee during the year ended 31 December 2024.

The remuneration of the members of the senior management, being the Executive Directors, by band for the year ended 31 December 2024 is set out below:

Remuneration bands	Number of person(s)
HK$1,000,001 – HK$1,500,000	2
HK$1,500,001 – HK$2,000,000	–
HK$3,000,001 – HK$3,500,000	1
HK$4,000,001 – HK$4,500,000	1

Details of Directors' emoluments and other remuneration related matters and five highest paid individuals during the year are set out in note 9 to the consolidated financial statements on pages 94 to 96 of this Annual Report.

BOARD COMMITTEES (Continued)

(iv) Nomination Committee

As at the date of this Annual Report, the Nomination Committee is chaired by Mr. WONG Kin Yip, Freddie, being an Executive Director and the Chairman of the Company, with four other members, namely Mr. WONG Alexander Yiu Ming, Mr. SHA Pau, Eric, Mr. WONG Chung Kwong and Mr. LI Wai Keung. Majority of the Nomination Committee members are Independent Non-Executive Directors.

The Nomination Committee is mainly responsible for, inter alia, formulating and reviewing the nomination policy, making recommendations to the Board on the nomination, appointment and re-appointment of Directors and Board succession, and assessing the independence of the Independent Non-Executive Directors. In order to achieve a balanced and appropriately qualified Board, the Nomination Committee is also responsible for reviewing the structure, size and composition, including the skills, knowledge, diversity and experience, of the Board, and advising the Board as to any changes that may be required. The Nomination Committee has the authority given by the Board to seek external professional advice in the selection and recommendation for directorship, if necessary, to fulfil the requirements for professional knowledge and industry experience of any proposed candidates. The written terms of reference of the Nomination Committee setting out its roles and responsibilities are published on the websites of the Company and the Stock Exchange.

The work of the Nomination Committee during the year included reviewing the structure, size and composition of the Board, assessing the independence of the Independent Non-Executive Directors, making recommendation to the Board on the re-election of the retiring Directors, reviewing the implementation and effectiveness of the board diversity policy and making recommendation to the Board for approval on the renewal of terms of appointment of Directors. During the year, one Nomination Committee meeting was held.

The Company has adopted a nomination policy which sets out the nomination procedures and process and selection criteria when the Nomination Committee considers candidates to be appointed or re-elected as Directors. The nomination procedures include identification of desirable candidates by the Nomination Committee, and review and approval of such nominations by the Board. The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorship: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; willingness to devote adequate time to discharge duties as a member of the Board; the Company's board diversity policy and any measurable objectives adopted for achieving diversity on the Board; requirement for the Board to have independent Directors in accordance with the Listing Rules; and such other perspectives appropriate to the Company's business or as suggested by the Board.

The Company recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. As such, the Company adopted a board diversity policy in August 2013 and revised in December 2022. A diverse Board will include differences in the talents, skills, knowledge, regional, industry and professional experience, cultural and educational background, race, age, gender and other qualities of the members of the Board. Selection of candidates is based on a range of diversity perspectives and the Company's nomination policy. The ultimate decision is based on merit and contribution which would be brought by the candidates to the Board if he/she were selected as a Director. The Company maintained, and is committed to maintaining, a gender diversity with at least one female representative at Board level. The Company has six male directors and one female director. The Nomination Committee is of the view that the current composition of the Board has achieved the objectives set in the board diversity policy. The Board is satisfied with the review on the implementation and effectiveness of the board diversity policy.

Details on the gender ratio in the workforce (including senior management) of the Group, together with relevant data, are set out in the section "Environmental, Social and Governance Report" on page 39 of this Annual Report. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness.

BOARD COMMITTEES (Continued)

(v) Risk Committee

The Risk Committee was established on 1 January 2016 with written terms of reference published on the website of the Company. The Risk Committee is chaired by Ms. WONG Ching Yi, Angela, an Executive Director, with three other members, being the Chief Legal Counsel, the Chief Financial Officer and the head of the Internal Audit Department.

The Risk Committee held two meetings in 2024. During the year, the Risk Committee received reports on the results of the review of the risk management system and framework, discussed the measures to manage those identified risks which may have significant impact to the Group, and reviewed the effectiveness of the risk management system and framework.

The principal role and responsibilities of the Risk Committee include reviewing the Group's risk management system and framework, advising the Board on the current risk exposures of the Group and future risk strategies and considering emerging risks relating to the Group's business and strategies.

ATTENDANCE RECORDS AT THE MEETINGS OF THE BOARD AND BOARD COMMITTEES AND GENERAL MEETINGS

The attendance records of the individual Directors at the meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Committee and the general meetings for the year ended 31 December 2024 are set out below:

	Number of Meetings Attended/Eligible to Attend						
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Risk Committee *(Note)*	Annual General Meeting	Extraordinary General Meetings
Executive Directors							
Mr. WONG Kin Yip, Freddie	5/5	N/A	2/2	1/1	N/A	1/1	2/2
Ms. WONG Ching Yi, Angela	5/5	N/A	N/A	N/A	2/2	1/1	2/2
Mr. LO Chin Ho, Tony	5/5	N/A	N/A	N/A	N/A	1/1	2/2
Mr. WONG Alexander Yiu Ming	5/5	N/A	2/2	1/1	N/A	1/1	2/2
Independent Non-Executive Directors							
Mr. SHA Pau, Eric	5/5	2/2	2/2	1/1	N/A	1/1	2/2
Mr. WONG Chung Kwong	5/5	2/2	2/2	1/1	N/A	1/1	2/2
Mr. LI Wai Keung	5/5	2/2	2/2	1/1	N/A	1/1	2/2

Note: Other members of the Risk Committee are not Directors.

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.

DIRECTORS' INTERESTS

Details of Directors' interests in the shares, underlying shares and debentures of the Company and its associated corporations are set out in the "Report of the Directors" on pages 49 to 50 of this Annual Report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparation of consolidated financial statements which give a true and fair view of the Group's state of affairs as at 31 December 2024 and of the Group's results and cash flows for the year ended 31 December 2024. In preparing the consolidated financial statements for the year ended 31 December 2024, the Directors selected suitable accounting policies and applied them consistently, and made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The reporting responsibilities of the independent auditor of the Company on the consolidated financial statements of the Group for the year ended 31 December 2024 are set out in the "Independent Auditor's Report" on pages 61 to 68 of this Annual Report.

CORPORATE GOVERNANCE FUNCTION

In order to achieve enhanced corporate governance of the Company, the Board has undertaken and delegated to the Executive Committee to constantly review the Company's policies (including the board diversity policy, mechanism to ensure independent view and input are available to the Board and the shareholders communication policy) and practices on corporate governance, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the code of conduct and compliance manual applicable to employees and the Directors, and the Company's compliance with the Code and disclosure in this Corporate Governance Report. During the year, the Executive Committee performed the duties relating to corporate governance matters as aforementioned.

AUDITOR'S REMUNERATION

The remuneration payable or paid to the Group's independent external auditor, PricewaterhouseCoopers, in respect of audit and non-audit services provided to the Group are as follows:

	2024 HK$'000	2023 HK$'000
Audit Services	**1,467**	1,367
Non-audit Services		
Interim results review	**–**	343
Taxation and other professional services	**145**	129
	145	472
	1,612	1,839

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibilities for maintaining effective risk management and internal control systems of the Group and determining the nature and extent of the risks it is willing to take in achieving the Group's objectives, and such systems are designed to manage rather than eliminate those risks, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Risk Committee assists the Board in deciding the Group's risk level and risk appetite, considering the Group's risk management strategies and giving guidelines where appropriate, and ensuring the soundness and effectiveness of the Group's risk management system. The risk management process involves identification, analysis, evaluation, mitigation, reporting and monitoring of risks.

The Group's internal control system comprises, among others, a well-defined governance structure with clearly defined lines of responsibility and authority and relevant financial, operational and compliance controls, and risk management procedures are in place. The Executive Directors review monthly management reports and hold periodical meetings with senior operational and finance management to discuss business performance and market outlooks.

The Internal Audit Department of the Company reports directly to the Audit Committee and is independent of the Company's daily operation. It is responsible for conducting regular audit on the major activities of the Group. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management functions are in place and functioning effectively.

The risks which may have significant impact to the Group were identified from internal and external environments and were managed properly. An annual review of the internal control and risk management systems of the Group for the year ended 31 December 2024 was conducted, and report on the results of the review and opinion were submitted to the Audit Committee and the Risk Committee. The Audit Committee and the Risk Committee reviewed the reports and followed up on the implementation of the action plan, and reported to the Board.

Based on the reports from the Audit Committee and the Risk Committee, the Board is satisfied with the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2024 as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

INSIDE INFORMATION

The Company has established the Inside Information Team to identify, assess and escalate potentially inside information for the attention of the Board and monitor the Group's disclosure obligations in respect of inside information. Policy and Procedures on Disclosure of Inside Information are adopted which set out the guidelines and controls to ensure the inside information can be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations.

COMPANY SECRETARY

The Company engages an external service provider to provide company secretarial services and has appointed Ms. MUI Ngar May, Joel ("Ms. MUI") as its Company Secretary. Ms. MUI is not an employee of the Group and Mr. SZE Ka Ming, the Chief Financial Officer of the Company, is the person whom Ms. MUI can contact for the purpose of code provision C.6.1 of the Code. Ms. MUI undertook over 15 hours of professional training during the year.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company is committed to ensuring that the Group comply with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that shareholders of the Company and other stakeholders (including potential investors) are provided with balanced and relevant information about the Company. The shareholders' communication policy of the Company is reviewed by the Board annually. It aims to promote effective communication with the shareholders and other stakeholders of the Company, encourage shareholders to engage actively with the Company, and enable shareholders to exercise their rights as shareholders effectively.

The Company shall publish its corporate communication which includes annual and interim reports, circulars, announcements and other documents, on the Stock Exchange's designated website in a timely manner as required by the Listing Rules. To foster effective communications with shareholders and investors, the Company maintains a website at www.legendupstarholdings.com where any information or documents of the Company posted on the Stock Exchange's designated website shall also be published on the Company's website. Other corporate information of the Company is also available on the Company's website.

The Company provides an opportunity for its shareholders to seek clarification and to obtain a better understanding of the Group's performance in general meetings of the Company. The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend, speak and vote at the meetings for and on their behalf if they are unable to attend the meetings. The Chairman of the Board, other Board members, the chairmen of the Board committees and/or their delegates attend the annual general meeting and extraordinary general meeting (if any) to answer shareholders' questions. The external auditor of the Company is also required to attend the annual general meeting to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. The Company shall provide shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s). At the general meeting, each substantial issue will be considered by a separate resolution, including the re-election of individual retiring Directors, and the poll procedures will be clearly explained.

Pursuant to the Listing Rules, voting by poll is mandatory on all resolutions (except resolutions relate purely to procedural or administrative matters) put forward at general meetings and the poll results will be posted on the websites of the Stock Exchange and the Company. The Company would ensure that shareholders will be given sufficient notice of the general meetings, at least 21 clear days' notice in the case of annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered and at least 14 clear days' notice in the case of all other extraordinary general meetings in accordance with the articles of association of the Company.

The 2024 annual general meeting of the Company was held on 20 June 2024. At the meeting, separate resolution was proposed by the chairman of the meeting in respect of each separate issue, including the re-election of individual retiring Directors, and voted by way of poll. The Company announced the results of the poll in the manner prescribed under the Listing Rules. The Chairman of the Board and other Board members as well as the representative of PricewaterhouseCoopers attended the 2024 annual general meeting and had effective communication with shareholders of the Company.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS (Continued)

The Company has held two extraordinary general meetings on 17 January 2024 and 16 August 2024 respectively. At the meeting held on 17 January 2024, an ordinary resolution was proposed by the chairman of the meeting to approve the Cross Referral Services Framework Agreement (2023), the transactions and the proposed annual caps contemplated thereunder (details of which were set out in the notice of the meeting and the circular of the Company dated 22 December 2023). At the meeting held on 16 August 2024, an ordinary resolution was proposed by the chairman of the meeting to approve the revised annual caps for the relevant transactions contemplated under the Cross Referral Services Framework Agreement (2023) (details of which were set out in the notice of the meeting and the circular of the Company dated 23 July 2024). All the resolutions proposed at the above meetings were voted by way of poll by the independent shareholders of the Company. The Company announced the poll results in the manner prescribed under the Listing Rules. The Chairman of the Board and all Board members attended the aforementioned meetings and had effective communication with shareholders of the Company.

Having considered the multiple channels of communication and engagement in place, the Board conducted a review of the implementation and effectiveness of the shareholders' communication policy and is satisfied that such policy has been properly implemented during the year and is effective.

During the year, there were no changes to the memorandum and articles of association of the Company.

SHAREHOLDERS' RIGHTS

(i) Procedures for Shareholders to Convene an Extraordinary General Meeting ("EGM")

The Board shall, at all times, on the requisition in writing to the Board or the Company Secretary of the Company by one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "Eligible Shareholder(s)"), forthwith proceed to convene an EGM in accordance with the articles of association of the Company.

If within 21 days of such deposit, the Board fails to proceed to convene such EGM, the requisitionist(s) himself/herself/themselves may do so in accordance with the articles of association of the Company, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(ii) Procedures for Putting Forward Proposals at EGM

Eligible Shareholders who wish to require an EGM to be called by the Board for the purpose of making proposals at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal office of the Company in Hong Kong at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong for the attention of "Manager, Company Secretarial Department".

The Requisition must state clearly the name(s) of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda of the EGM including the details of the business(es) proposed to be transacted at the EGM, and signed by the Eligible Shareholder(s) concerned.

SHAREHOLDERS' RIGHTS (Continued)

(ii) Procedures for Putting Forward Proposals at EGM (Continued)

The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder(s) will be verified with the Company's Hong Kong branch share registrar. If the Requisition is found to be proper and in order, the Board will convene an EGM within two months and/or include the proposal(s) or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not convene an EGM and/or include the proposal(s) or the resolution(s) proposed by the Eligible Shareholder at the EGM.

The procedures for a shareholder of the Company to propose a person for election as a Director is posted on the website of the Company.

(iii) Shareholders' Enquiries

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited. Shareholders and the investment community may during office hours make a request for the Company's information to the extent that such information is publicly available. Shareholders may also send to the Company written enquiries and their views on various matters affecting the Company for the attention of the Company Secretary or the Investors Relations Department by post at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong, or by email at investor@midlandici.com.hk.

Participation in the Mid-Autumn Festival Charitable Event with Lok Sin Tong

The Group has always been committed to giving back to society and encourages colleagues to engage in volunteer services. The Group collaborated with The Lok Sin Tong Benevolent Society Kowloon to host the Mid-Autumn Festival Charitable Event, where our volunteers delivered gifts and well-wishes to grassroots and elderly families, celebrating both National Day and the Mid-Autumn Festival together.

Receiving "Caring Company" Award for 18 Consecutive Years

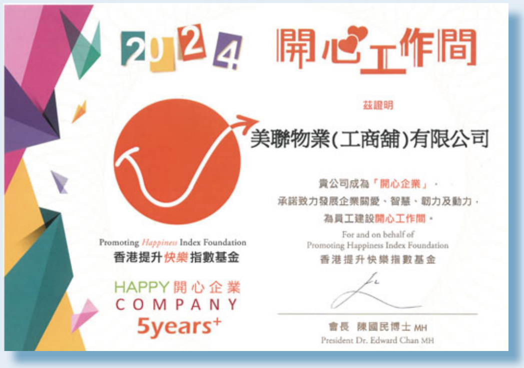
The Group has actively participated in various charitable activities over the years, thereby receiving the "Caring Company" logo by The Hong Kong Council of Social Service for 18 consecutive years in recognition of the Group's outstanding achievements in caring for the community.

Receiving the "Partner Employer Award" for the Twelve Consecutive Years

The Group received the "Partner Employer Award" granted by The Hong Kong General Chamber of Small and Medium Business for twelve consecutive years, which is to commend the Group for actively helping different people in society to seek employment and providing them with internship opportunities, thus contributing to society.

Caring for Employees and Enhancing the Sense of Belonging

The Group believes that employees are the most valuable asset of an organization. To facilitate a positive and healthy work environment, the company participated in the "Happy Workplace" program organized by the Hong Kong Happiness Index Foundation and implemented by The Chinese Manufacturers' Association of Hong Kong. Through systematic corporate care strategies, we aim to enhance employees' sense of belonging, further putting our "people-oriented" core values into practice.



Honoring the "Good Employer Charter" to Build a Family-Friendly Workplace

The Group regards employees as vital partners. It actively responded to the Labour Department's "Good Employer Charter", adopting the theme of "Supportive Family-friendly Good Employer" to comprehensively implement its employee-centric management policies. We are committed to fostering a more inclusive and supportive work environment.

ABOUT THIS REPORT

Reporting Standards

The Company is pleased to publish its Environmental, Social and Governance ("ESG") Report which is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "Guide") set out in Appendix C2 to the Listing Rules.

Reporting Principles

This report is prepared in accordance with the four reporting principles stated in the Guide:

- **Materiality:** Stakeholder engagement and materiality review is conducted to ensure that the ESG issues identified remain relevant and material to our business operations and stakeholders.

- **Quantitative:** Quantitative metrics are collected and regularly monitored to review the progress of our ESG initiatives.

- **Balance:** This report highlights both the achievement and improvement areas of our ESG management to show an unbiased picture of our ESG performance.

- **Consistency:** Consistent methodologies are adopted for meaningful comparison of our ESG performance. Remarks are provided in case of any change in data compilation methodologies and scope.

Reporting Scope and Boundary

Unless otherwise specified, this report covers the period from 1 January 2024 to 31 December 2024. It encapsulates the ESG performance and initiatives of our non-residential property agency services in respect of commercial and industrial properties and shops in Hong Kong.

There were no significant changes from the previous reporting year in the reporting scope and boundary of this report.

Feedback Mechanism

We welcome and value the feedback from our stakeholders to continuously improve our ESG management and performance. Please feel free to share your views and thoughts with us at esg@midlandici.com.hk.

OUR ESG MANAGEMENT

ESG Management

As a responsible corporate citizen, the Group recognises the importance of establishing a robust governance structure to ensure our business operations are operating in an ethical and sustainable manner.

We continue to optimise our corporate governance strategies and policies to increasingly incorporate sustainability considerations in the way we grow and develop. We have established a set of policies to embed ESG management into our daily operations. These policies cover ESG aspects including environmental management, green procurement practice and service responsibility, reinforcing our commitment to integrating ESG factors in our business operations.

OUR ESG MANAGEMENT (Continued)

Board Statement

The Board acknowledges the significance of effective sustainability practices and are actively integrating ESG systems in key business decisions. The Board is ultimately responsible for formulating and overseeing our ESG strategy, reporting and management approach to monitor ESG issues.

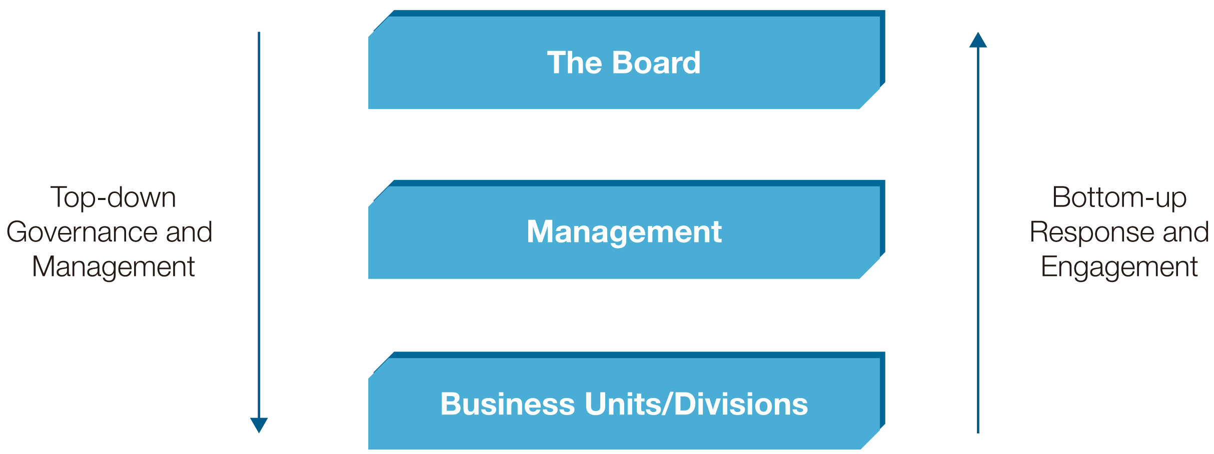
The Board regularly evaluates and determines our ESG related risks and ensures that appropriate and effective ESG risk management and internal control systems are in place. The Board has regular meetings and discussions on the effectiveness of these systems as well as progress made against relevant ESG-related goals and targets during the reporting year. Management is taking steps to review and monitor the Group's greenhouse gas emissions and setting sustainability targets to ensure that we operate our business in an environmentally and socially responsible model while generating strong returns for our shareholders.

Sustainability Governance

To systematically consolidate the sustainability concept of the Group, the Group establishes a governance structure on sustainable development in order to promote the implementation of ESG governance works in an orderly manner. The Board, as stewards of ESG management of the Group, is ultimately accountable for the performance of ESG-related issues through establishing goals and targets and reviewing the performance on a regular basis. The Board provides oversight of the risk management framework and sustainability strategy in achieving long-term sustainability goals and promoting a sustainable development culture at all levels.

Management directly reports to the Board and is responsible for initiating, driving, and monitoring sustainability policies and practices. Management strives to maintain effective communication with the Board to provide constructive recommendations regarding the emerging ESG trend and industrial best practices, improving the Group's resilience in addressing ESG issues. In alignment with the Group's ESG dedication, our management level ensures that sustainability elements are considered when proposing, designing and implementing new protocols and overseeing the implementation process through reviewing policies and gathering feedback from stakeholders.

ESG Governance Structure



OUR ESG MANAGEMENT (Continued)

Ethical Business Operation

We strive to uphold the highest level of business ethics and strictly prohibit and stand against any form of bribery, extortion, fraud, or corruption in our business operations. The Group adheres to applicable laws and regulations including the Prevention of Bribery Ordinance (Cap. 201). Internal policies and control mechanisms are in place to strengthen our management practices and prevent improper conduct and unethical behaviour. The Group has communicated our preventive measures on bribery and corruption to our employees, including guidelines regarding the acceptance and offer of advantages. Such anti-corruption materials are also available for the directors. Employees are also required to provide a conflict-of-interest declaration as one of our preventive measures. Detailed policies and guidance relating to anti-corruption and conflict of interest are stipulated in our Staff Handbook.

The Group is committed to providing training for our frontline and back-office staff to ensure a thorough understanding of the code of ethics and compliance requirements in the property agency industry. As a responsible and ethical business, we recognise the importance of upholding high standards of conduct and compliance. Our training programme is designed to equip our employees with the knowledge and skills necessary to adhere to the standards, maintain our reputation as a trustworthy organisation and benefit our customers. We provide training covering business ethics issues, such as code of ethics, anti-money laundering, discrimination ordinances and protection of personal data. In addition, to enhance employees' awareness of anti-corruption practices, we have arranged training for our frontline and back-office staff. The training course covers topics ranging from understanding anti-corruption laws and regulations to avoiding legal violations in our operation practices.

The Group strictly prohibits all employees, either directly or indirectly, from soliciting or receiving any gifts, rewards, or advantages from any business associates. The Group has established a Whistleblowing Policy and mechanism to allow our employees and stakeholders to raise concerns on any potential business misconduct and malpractice confidentially. The Whistleblowing Team was also set up to handle matters arising from whistleblower reports in an effective manner and further report to the Audit Committee. Depending on the nature and circumstance of the allegation, investigation procedures are followed accordingly.

The Group conforms to the Competition Ordinance (Cap. 619) and supports fair competition with our peer companies. We strictly prohibit our employees from engaging in anti-competitive behaviour, including cartels, market segregation, bid-rigging, and output restriction, as stated in the Staff Handbook. We also have guidelines on communication with competitors and customers to avoid involvement in any suspicious anti-competitive behaviour.

During the reporting year, the Group was not aware of any conviction against any member of the Group arising from the violation of laws or regulations against corruption, bribery, fraud, and money laundering.

OUR ESG MANAGEMENT (Continued)

Stakeholder Engagement and Materiality Assessment

To enhance our understanding of stakeholder's expectations and needs, as well as identifying material ESG issues and performance, we engaged in ongoing dialogues with our external and internal stakeholders through various channels during the reporting year:

Stakeholder Group	Engagement Channel
Management and Employees	• Townhall meeting • Monthly meetings • Intranet forum • Internal circulars • Grievance channels stated in Staff Handbook • Questionnaire
Investors	• Annual general meeting • Annual and interim reports • Corporate website • Investor circulars • Questionnaire
Suppliers	• Regular supplier review • Meetings
Customers	• Phone • Social media • Corporate website • Questionnaire
Community Partners/Non-governmental Organisations (NGOs)	• Community programme collaboration • Voluntary services
Media	• Press release • Press conference • Mobile application for communication

OUR ESG MANAGEMENT (Continued)

Stakeholder Engagement and Materiality Assessment (Continued)

To effectively manage ESG issues, we cautiously identify, analyse, and review the relevance of ESG issues to our business operations and stakeholders on a regular basis. The assessment helps to build the foundation for our ESG strategy and management approach. Through the step-by-step approach below, we identify and review the material ESG issues to our business operations:

Step 1 – Identification

Review the industry trend and the Guide to identify a list of potential material ESG issues for our business operations.

Step 2 – Prioritisation

Conduct periodic stakeholder engagement (via questionnaire or otherwise) to seek opinions from our stakeholders.

Step 3 – Validation

Management further reviews the stakeholder engagement result and confirms the list of material ESG issues.

Step 4 – Review

ESG topics are regularly reviewed to ensure their relevancy and materiality to the Group.

OUR ESG MANAGEMENT (Continued)

Stakeholder Engagement and Materiality Assessment (Continued)

According to the stakeholder-based materiality assessment results, we conducted industry research and peer benchmarking during the reporting year to ensure that the list of ESG issues is material and relevant to our business and is in line with the industry's development and changes in the external environment. During the reporting year, we have reviewed the list of material ESG issues and confirmed that the material ESG issues identified last year remained relevant and applicable to us.

The following table lists the 16 material ESG issues and their corresponding sections in this report.

List of material issues	Corresponding section in this report
Anti-corruption and Ethical Business Operation	
• Anti-corruption	Ethical Business Operation
• Anti-competition	Ethical Business Operation
• Ethical business compliance	Ethical Business Operation
Product and Service Responsibility	
• Customer service and satisfaction	Product and Service Responsibility; Feedback Handling
• Advertising and labelling	Product and Service Responsibility
• Intellectual property rights	Product and Service Responsibility
• Customer data privacy and protection	Privacy and Data Protection
• Product responsibility compliance	Product and Service Responsibility
Employment and Labour Standards	
• Employee relationship	Employment Policy and Labour Standards
• Non-discrimination and diversity	Employment Policy and Labour Standards
• Occupational health and safety	Occupational Health and Safety
• Training and development	Training and Development
• Employment compliance	Employment Policy and Labour Standards
The Environment	
• Employee environmental awareness	Employee Environmental Awareness
• Environmental compliance	Environmental Management
Our Community	
• Community investment	Our Community

OUR CUSTOMERS

Product and Service Responsibility

The Group's customers mainly consist of property developers, property owners, property purchasers, landlords and tenants. As stipulated in our Product Responsibility Policy, we strive to provide the finest services to our customers in adherence with applicable laws and regulations including the Trade Descriptions Ordinance (Cap. 362), Residential Properties (First-hand Sales) Ordinance (Cap. 621) and Estate Agents Ordinance (Cap. 511). During the reporting year, there were no material non-compliance cases concluded relating to the aforementioned laws and regulations. We have a Product Responsibility Policy in place, which clearly stipulates our commitment to promoting customer experience, service reliability, customer health and safety and data privacy.

Through leveraging technological innovations and digital applications, we continuously make use of digital platforms including mobile applications and social media to enhance our customer's experience. To enhance the delivery of quality services, the Group has launched "VR Property Visit" and property introduction videos which allow customers to view their ideal properties.

To provide customers with accurate and complete information, the Group has adopted standardised procedures for advertising and labelling of products and services that align with the regulatory requirements of the target markets.

Moreover, irregular branch inspections are conducted to monitor service quality and identify any potential improvement areas. We also strive to protect intellectual property ("IP") rights by maintaining relevant standards and protocols when producing marketing materials and ensuring that we have the IP rights for the material that we use.

Privacy and Data Protection

We strongly emphasise data privacy protection and adhere to applicable laws and regulations relating to data privacy and protection including the Personal Data (Privacy) Ordinance (Cap. 486) when handling customer information. To safeguard our customer's data privacy, we have established the Customer Privacy and Data Protection Policy (the "Policy") that addresses the handling of our customer's data which are mainly stored in the form of contractual documents. The Policy is uploaded to the Company's intranet for staff's reference. During the reporting year, there were no material non-compliance cases concluded relating to the aforementioned laws and regulations.

Guided by the Policy, the Group adopts a wide array of measures to protect the personal data of our customers. Only authorised personnel are granted access to documents with personal information. Frontline staff are required to fill in a record form when they obtain and archive contractual documents for the client's service. Documents containing customers' personal information are organised and locked in designated locations to avoid information leakage. Sample checking on document storage is conducted annually to ensure that we are compliant with the Policy.

We also have strict control over the disposal of expired contractual documents. We appoint certified recyclers for appropriate handling of the disposed documents on a regular basis. Internal training is provided to our frontline staff to communicate our requirements and raise their awareness of data privacy protection.

Feedback Handling

We endeavour to continuously improve our customer's experience and satisfaction through communicating with them on a regular basis and listening to their concerns and feedback. The Group has formed a designated customer relationship team to handle customer feedback who are well-trained and skilled in handling customer enquiries and complaints. Customers can lodge their enquiries or complaints through various communication channels, including our customer hotline, email, mail and visitations. Once the complaint is received, the customer relationship team further investigates the feedback and works with relevant departments in a timely manner. A feasible solution is then developed for further discussion and agreement with the complainants. The results and follow-up actions taken are documented accordingly. During the reporting year, 10 service-related complaints were received and handled.

OUR EMPLOYEES

Employment Policy and Labour Standards

We believe that our employees are the key to our long-term business success. The Group adheres to the laws and regulations relating to employment and labour standards including the Employment Ordinance (Cap. 57), Employment of Children Regulations (Cap. 57B), Employment of Young Persons (Industry) Regulations (Cap. 57C), Employees' Compensation Ordinance (Cap. 282), Mandatory Provident Fund Schemes Ordinance (Cap. 485), Minimum Wage Ordinance (Cap. 608), Occupational Safety and Health Ordinance (Cap. 509) and the discrimination ordinances[1]. During the reporting year, we observed no material non-compliance cases concluded regarding the aforementioned laws and regulations.

Going beyond legal compliance, we adopt a people-centric philosophy in our human resources strategy and policies to create a respectful, productive, and rewarding working environment for our employees. The Group's human resources policies have thus been established to stipulate relevant practices in recruitment, dismissal, promotion, working hours, holidays, equal opportunities, and compensation benefits. We also invest in our employees and aim to provide them with rewarding career paths so as to develop a diverse, industry-leading team. Fair recruitment and promotion processes are implemented based on factors such as experience and performance. Moreover, we provided our employees with competitive and rewarding remuneration package.

With businesses that highly depend on people, the Group is committed to embracing diversity as well as providing equal opportunity and a collaborative workplace. The Group strictly enforces an anti-discrimination policy and has zero tolerance for any form of harassment.

The Group endeavours to meet the needs of our employees by listening to their suggestions and feedback. Various platforms and mechanisms are available to facilitate open communication between management and employees. For instance, we have organised a Central Professional Units (CPU) townhall meeting regularly, and arranged a Q&A session for employees to interact with the management and further develop potential solutions in tackling the issues raised. Other communication channels are also available for our employees to voice their opinions, including monthly meetings for frontline and back-office staff of different ranks and positions via electronic means or otherwise. We also put in place internal grievance channels which are outlined in the Staff Handbook.

To create a harmonious workplace and extend our care to our employees, we set up the "Motivational Campaign" to organise employee activities and provide benefits to employees from time to time. During the reporting year, the Group organised a variety of events and festive activities for our employees to strengthen their sense of belonging and foster workplace collaboration. We also encourage our employees to participate in various sports events, which can enhance their physical well-being and strengthen team spirit.

The Group commits to upholding human rights and strictly prohibits the use of child labour and forced labour as stated in our guidelines for employing new hires. In 2024, we did not discover such practices in our operations.

[1] Discrimination ordinances include Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527) and Race Discrimination Ordinance (Cap. 602).

OUR EMPLOYEES (Continued)

Training and Development

As our employees are the Group's greatest human capital, we make a significant effort to nurture them while also offering opportunities for professional and personal advancement. We have Midland University to deliver specific training that equip our employees with the skills and knowledge required in carrying out their daily operations. Based on the job nature and the rank of the employees, different training modules are built. For instance, we have tailored training programmes for both frontline and back-office staff respectively.

Tailored training programmes

New-joiner Training

Frontline staff

Property agency licensing class, foundation selling skills and operation procedure

Back-office staff

Time management, project management and office manner

Core Training

Understanding the Group

Corporate culture, internal policy and system

Management and Development

Human resources management, sales management, self-management and talent development programme

Operating Practices

Legal and compliance, operation workflow and skills, and product knowledge

Work and Service Skills

Selling skills, customer service skills, language and other soft skills

Specialised Training

Sales Talent Programme

- "Success in Sales" program for frontline staff
- Series of training on selling, presentation and customer services skills for frontline staff

Talent Development Programmes

Specific training for high-potential staff

- "Elite Army" for frontline and back-office staff
- "Professional Talent Unit (PTU) Plan" for frontline administrative staff and back-office assistants

Elite Trainer Programme

- Specific training for high potential frontline manager
- Series of training on Train-the-Trainer

OUR EMPLOYEES (Continued)

Training and Development (Continued)

A digital learning management system was developed to give our employees the flexibility to receive training anytime and anywhere through a computer or electronic device. To facilitate better learning engagement, the system supports bite-sized learning as online courses are divided into shorter clips, which can be digested more effectively. Additionally, the system includes a live broadcasting function, allowing trainers to conduct real-time training sessions, engage with participants and address questions instantly. This feature enhances interactivity and fosters a collaborative learning environment. The system also supports a hybrid mode, enabling a blend of in-person and online training experiences, catering to diverse learning preferences. Overall, this digital learning management system allows the learning process to be easier, more effective, and easily accessible.

Apart from internal training programmes, we subsidise our staff to join external training courses, obtain professional certificates, and attend examinations. As such, our employees could keep pace with market benchmark and pursue professional development courses of their choice. This helps encourage employees to pursue new expertise and undertake life-long learning.

A total of 9 branches of the Group have obtained the "CPD Mark for Estate Agencies" issued by the Estate Agents Authority in 2024. We encourage our employees to enhance their knowledge through keen participation in CPD activities, a total of 6 branches of the Group have obtained the "Silver CPD Mark for Estate Agencies" in 2024.

To encourage our staff in search of excellence, we establish a clear career advancement path. Promotion criteria are clearly outlined in our Staff Handbook. The mid-year and annual appraisals are conducted to evaluate the employees' job performance based on various rating factors, including functional competencies, job quality and skills and behavioural competencies, based on their responsibility and job nature. Employees can discuss with their supervisor regarding the appraisal result and establish targets for the upcoming year. We also prioritise internal promotion of staff when there is a vacancy in a job position based on qualifications, job performance, competency and recommendations from the supervisor or management.

Occupational Health and Safety

The Group cares about employees' health and safety at work. We conform to the relevant occupational health and safety laws and regulations including the Occupational Safety and Health Ordinance (Cap. 509) and the Factories and Industrial Undertakings Ordinance (Cap. 59) in our operations. During the reporting year, we observed no material non-compliance cases concluded regarding the aforementioned laws and regulations.

The employees of the Group mainly comprise frontline and back-office staff, and various measures are carried out to enhance our employees' awareness of occupational health and safety issues that may arise from their job nature and working environment. For instance, we have disseminated occupational health and safety information on the Company's intranet. Information regarding the proper procedures of using various equipment in our offices and branches is provided to further educate our employees and prevent the occurrence of workplace injuries.

We place great emphasis on enhancing the indoor air quality of our branches and offices as it directly affects the health of our employees and the comfort level in the working environment. We have formulated the Indoor Air Quality Policy which includes a set of measures to promote indoor air quality in our workspace. We installed dust filters to reduce suspended particles from entering the ventilation systems. Moreover, we also clean and conduct regular inspection and maintenance of ventilation system equipment including fans, dust filters, ventilation ducts and air hoods.

During the three years ended 31 December 2024, there were no work-related fatality cases.

OUR ENVIRONMENT

Environmental Management

We recognise our role in minimising the adverse impacts that our operations may have on the environment. The Group strictly adheres to all applicable environmental laws and regulations including the Air Pollution Control Ordinance (Cap. 311), Water Pollution Control Ordinance (Cap. 358) and Waste Disposal Ordinance (Cap. 354). As stipulated in our Environmental Policy, we are committed to better managing our environmental impacts and continuously incorporating environmental considerations into our decision-making process. We strive to protect the environment and lower our carbon footprint by conserving natural resources, reducing energy consumption, minimising, and recycling waste, but without compromising the quality of our products and services.

During the reporting year, we observed no material non-compliance cases concluded regarding air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Climate Change and Energy Conservation

The Group is mindful of the adverse impacts caused by climate change on our business operations, the business community and overall society. The Group recognises our contribution to greenhouse gas emissions and strives to lower our carbon footprint by identifying opportunities to decarbonise our daily operations. We are taking steps in setting our sustainability targets. Committed to reducing air emissions, we have introduced and actively applied emission control measures in our operations. For example, we encourage our employees to replace business trips with alternative options, including telephone calls, video conferences and other online communication tools, where possible, to reduce air pollution and greenhouse gas emissions. We cautiously monitor our greenhouse gas emissions in our head office by compiling an annual greenhouse gas report in accordance with ISO 14064-1:2018 standard. The report offers insights on potential improvement area to further reduce our emissions. It was also externally verified to ensure data accuracy.

The majority of the greenhouse gas emissions of the Group are arisen from energy consumption. As such, we have enhanced our energy efficiency and reduced energy consumption by setting energy use efficiency targets and initiating various improvement measures. To enhance the energy efficiency of our offices and branches, we have installed energy-efficient equipment including air conditioning systems and LED light bulbs and tubes. The reduction in energy consumption is estimated to be 20%–30%. We also installed energy-saving systems and timers on the equipment in all our offices and branches to switch off equipment outside operating hours.

As a considerable amount of electricity is consumed from the signage at our branches, we have also installed timers on the external lighting to control the operating time. Moreover, the new 3D signage at our branches uses LED light strips, reducing the amount of electricity consumed by around 30%. For the reporting year, the Group was granted the Energywi$e Certificate (Good Level) by the Hong Kong Green Organisation Certification to recognise our continuous efforts on energy conservation.

The threats of climate change is imminent. The occurrence of extreme weather events, such as severe typhoons, seasonal storms and abnormal precipitations, are likely to become more frequent with human-induced climate change. The Group continues to assess impacts on our operations and make respective enhancements to ensure and maintain our business operation under these extreme weather events or disruptions. The Board will monitor the risks and opportunities that arise from climate change on an ongoing basis and enhance our precautionary measures to strengthen our business climate resilience and get prepared for any potential climate impact.

OUR ENVIRONMENT (Continued)

Waste Management

Despite utilising online and digital platforms, paper waste remains the major type of waste generated in our operations. To further reduce waste disposal, we established clear guidelines on reducing paper consumption and recycling waste paper. Also, we encourage the reuse of single-sided used paper and brown envelopes for the internal circulation of documents. Frontline staff are also encouraged to proactively contact certified recyclers to collect waste paper for recycling. In recognition of our efforts, the Group was granted the Wastewi$e Certificate (Excellent Level) by the Hong Kong Green Organisation Certification for the reporting year.

Moreover, a wide array of measures is adopted in our daily operations to scale up our waste management efforts. In addition to placing recycling facilities at specified locations to encourage waste sorting, we appoint a designated company for handling paper recycling. We also engage with our suppliers to recycle toner cartridges and encourage them to deliver fluorescent tubes to the designated collection points under the Environmental Protection Department's "Fluorescent Lamp Recycling Programme". A waste management control procedure has been adopted across the Group's businesses to enable effective identification, segregation, and handling of hazardous and non-hazardous waste.

Employee Environmental Awareness

The Group recognises the importance of behavioural change in enhancing our environmental performance. We place considerable efforts to enhance the environmental awareness of our employees, hoping to shift their mindset to incorporate sustainable practices in our day-to-day operations.

We have dedicated a page for environmental protection on the Company's intranet to effectively disseminate information on sustainable practices to our employees. This online platform also provides a communication channel to receive enquiries and suggestions on the Company's environmental issues from our employees. Through the intranet page, we have communicated the Group's stance on promoting environmental protection and proactively encourage our employees to practice the 4Rs – Reduce, Reuse, Recycle and Replace in their daily operations. For instance, our employees are encouraged to recycle promotional materials. Moreover, we have also placed labels of environmental protection messages eminently in the office and our branches to provide a constant reminder to our employees on the importance of operating in a sustainable manner.

OUR ENVIRONMENT (Continued)

Environmental Performance Data Summary

	Unit	Performance in 2024	Performance in 2023
Energy consumption			
Total electricity consumption[3]	kWh	519,933	647,925
Energy intensity	GJ/employee	4.62	4.86
Greenhouse gas (GHG) emissions[1]			
Direct emissions (Scope 1)[2]	tonnes of CO_2 equivalent (tCO_2e)	0	0
Energy indirect emissions (Scope 2)[3]	tCO_2e	251.42	308.41
GHG emission intensity	tCO_2e/employee	0.62	0.64
Water consumption			
Total water consumption	cubic meter (m^3)	176	179
Water intensity	m^3/employee	0.44	0.37
Waste management[4]			
Fluorescent tube disposed	pieces	108	159
Electrical appliances/components disposed[5]	pieces	68	79
Electrical appliances/components recycled[5]	pieces	71	164
Paper recycled[6]	kg	1,779	6,098

Notes:

1 GHG emissions are calculated in accordance with the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition) published by the Environmental Protection Department, HKSAR. We also took reference from global warming potential values from the IPCC Fifth Assessment Report and the emission factors from CLP Power Hong Kong Limited, The Hongkong Electric Company Limited and The Hong Kong and China Gas Company Limited respectively, for the calculation of GHG emissions.

2 Direct GHG emission (Scope 1) is generated from refrigerant consumption by water dispensers in the office of commercial property business segment. Refrigerant consumption is insignificant in our offices and branches, thus data is not collected for disclosure.

3 Indirect GHG emission (Scope 2) is generated from electricity consumption by commercial, industrial and shops property business segments. Due to the decrease in the number of branches of the Group, the Group had reduced electricity consumption.

4 Non-hazardous waste disposed is insignificant in our offices and branches, thus data is not collected for disclosure.

5 Due to improvement of systems and regular repairs and maintenance of equipment, the Group had reduced hardware disposal and recycling.

6 The volume of paper recycled had been reduced due to the decrease in the number of branches of the Group.

OUR SUPPLY CHAIN

Overview of Our Supply Chain

To support our daily operations, the Group worked with 136 suppliers during the reporting year. Our main suppliers consist of companies that provide cleaning, insurance, security and transportation services, office equipment and printing products. To further promote local business development and reduce our carbon footprint, we also give priority to local suppliers when possible. In 2024, all our suppliers operate in Hong Kong.

OUR SUPPLY CHAIN (Continued)

Supplier Selection and Monitoring

We adhere to all applicable laws and regulations when procuring products and services. We also maintain a fair and reasonable procurement process for all our suppliers and service providers. During the tendering process, the Group communicates our high standards on conducting business in a responsible manner to our suppliers through our Vendor Code of Conduct. Regular assessments are also conducted to monitor and evaluate the performance of our suppliers, ensuring compliance and continuous improvement.

The Group recognises the importance of addressing the social, environmental, and ethical issues in our supply chain. We strive to promote environmentally sound procurement practices. The Group has established the Green Procurement Policy and revamped our tender document to reinforce our commitment. We adopt a comprehensive supply management mechanism to ensure appropriate management of environmental and social risks. Suppliers' ESG performance is one of the prime consideration factors in our selection process. We give priority to suppliers who can provide sustainable and socially responsible products and services. Some of our existing suppliers obtained various international certifications relating to environmental management and social responsibility. Selected suppliers are subject to ongoing monitoring and annual evaluation for quality assurance.

As we strive to minimise our environmental impact in our daily operations, we procure environmentally preferable products and services with a view to minimising adverse impact on environmental and human health when possible. For instance, we prioritise the use of environmentally-certified paper where possible, including paper certified by the Forest Stewardship Council (FSC). Moreover, we use soy-based ink for our printers to reduce environmental detriments as opposed to conventional petroleum-based ink. The Group is also taking steps in purchasing bio-degradable trash bags which are designed to decompose quickly and tackle plastic pollution.

OUR COMMUNITY

Our Community Investment

Our communities are inseparable from us, the Group has continuously invested considerable efforts in giving back to the communities in which we operate. By enriching our communities, we help them to thrive. We are also passionate about improving the wellness of the community, especially in challenging times. We distributed resources to serve different social groups in the community. In collaboration with various organisations, we strive to create long-term value for our community, and we grow with the community together for a better shared future.

We create inclusive engagement for the community and foster the city's development through community investment. We also have guidelines on community engagement to understand the needs of the communities and to ensure that our activities have taken into consideration the communities' interests. To optimise our effort in community investment, we conduct a thorough evaluation after the completion of each community event prior to determining the community event plan for the upcoming year. Our review covers activity objectives, number of beneficiaries, participation frequencies and hours, and the number of employees who participated.

During the reporting year, the Group has donated approximately HK$85,600 to Midland Charitable Foundation and provided approximately 45 hours of volunteer services to support local community development. We are honoured to have our devotion towards supporting and caring for our community be recognised with the Caring Company Logo by The Hong Kong Council of Social Service for more than 15 consecutive years.

Volunteering Work

The Group is dedicated to giving back to the community. The local elderly are one of the major target beneficiaries within the breadth of our community engagement. The Group sponsored and supported volunteer activities including elderly home visits and festive celebrations for Mid-Autumn Festival organised by the The Lok Sin Tong Benevolent Society Kowloon. We are always looking to create great and memorable moments for our seniors.

SOCIAL PERFORMANCE DATA TABLE

	Unit	Performance in 2024	Performance in 2023
Employee Profile[1]			
Total workforce[2]	No. of people	405	480
Total workforce by employment type			
Full-time	No. of people	405	468
Part-time	No. of people	0	12
Total workforce by gender[3]			
Male	No. of people	208	252
Female	No. of people	197	216
Total workforce by age group[3]			
18–29	No. of people	15	13
30–50	No. of people	152	178
Above 50	No. of people	238	277
Total workforce by geographic location[3]			
Hong Kong	No. of people	405	468
Employee Turnover			
Total employee turnover rate[4]	%	31% (Frontline: 32%) (Back office: 21%)	37% (Frontline: 37%) (Back office: 35%)
Employee turnover rate by gender[4]			
Male	%	32%	34%
Female	%	29%	41%
Employee turnover rate by age group[4]			
18–29	%	34%	15%
30–50	%	26%	35%
Above 50	%	34%	40%
Employee turnover rate by geographic location[4]			
Hong Kong	%	31%	37%

Notes:

1 The number of employees only covers the in-scope business operations as described under the section headed "Reporting Scope and Boundary".

2 The total workforce includes senior management of the Company.

3 Only full-time employees are calculated in the breakdown by gender, age group and geographic location.

4 Turnover rate = number of full-time employees who left the Group during the reporting year in the specified category/ average number of full-time employees in the specified category at the beginning and at the end of the reporting year * 100%.

SOCIAL PERFORMANCE DATA TABLE (Continued)

	Unit	Performance in 2024	Performance in 2023
Development and Training			
Total workforce trained[5]	No. of people	518	601
Percentage of employees trained by gender			
Male	%	52%	53%
Female	%	48%	47%
Percentage of employees trained by employee category			
General staff	%	85%	87%
Managers	%	12%	10%
Management	%	3%	3%
Average training hours per employee by gender			
Male	Hours/employee	13.90	15.42
Female	Hours/employee	12.82	15.63
Average training hours per employee by employee category			
General staff	Hours/employee	12.49	14.71
Managers	Hours/employee	18.22	22.31
Management	Hours/employee	19.79	16.94
Occupational Health and Safety			
Lost day due to work injury[6]	No. of days	311	291
Work-related fatalities	No. of people	Nil – there were no work-related fatalities occurred in each of the past three years including the reporting year (2024).	
Supply Chain Management			
Number of suppliers by geographic location			
Hong Kong China	No. of suppliers	136	136

Notes:

5 The total of workforce trained includes employees who left the Group during the reporting year.

6 The lost day is calculated based on sum of days that the employee cannot attend to work due to work injuries.

OUR ESG AWARDS

Awards for Environmental Performance

Organiser	Award and Recognition
Hong Kong Green Organisation Certification	Hong Kong Green Organisation Energywi$e Certificate – Good Level Wastewi$e Certificate – Excellent Level
The Environment and Ecology Bureau	Charter on External Lighting – 4 Branches Received the Diamond Award

Awards for Corporate Social Responsibility

Organiser	Award and Recognition
Promoting Happiness Index Foundation	Happiness at Work Promotional Scheme 2024 – Happy Company
The Hong Kong Council of Social Service	15 Years Plus Caring Company Logo
The Hong Kong General Chamber of Small and Medium Business	2024 Partner Employer Award – Partner Employer Award
InspiringHK Sports Foundation	SportsHour Company Recognition
Labour Department	Good Employer Charter 2024 "Supportive Family-friendly Good Employer" Logo

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KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Environmental Performance Data Summary	37
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental Performance Data Summary	37
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental Performance Data Summary	37
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Climate Change and Energy Conservation	35
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management	36
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KPI A2.2	Water consumption in total and intensity.	Environmental Performance Data Summary	37
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Climate Change and Energy Conservation	35
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water consumption is not material in the Group's business operation.	N/A
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The use of packaging material for finished products is not applicable to the Group's business.	N/A
Aspect A3 The Environment and Natural Resources			
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KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Employee Environmental Awareness	36
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KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change and Energy Conservation	35

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KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social Performance Data Table	39-40
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KPI B.2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social Performance Data Table	39-40
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Aspect B3 Development and Training			
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KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social Performance Data Table	39-40
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social Performance Data Table	39-40
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KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment Policy and Labour Standards	32
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KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Selection and Monitoring	38
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Selection and Monitoring	38
Aspect B6 Product Responsibility			
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KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	This is not applicable to the Group's business.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Feedback Handling	31
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product and Service Responsibility	31
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KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community Investment	38
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Community Investment	38

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

Details of the analysis of the Group's performance for the year ended 31 December 2024 by operating segments are set out in note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated income statement on page 69 of this Annual Report.

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

DIVIDEND POLICY

The Company has adopted a dividend policy which sets out the policy in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among others, the operating results, cash flow, financial condition and capital requirements of the Group and the interests of the shareholders of the Company.

BUSINESS REVIEW

A fair review of the business of the Group and particulars of important events affecting the Group that have occurred since the end of the financial year as well as discussion on the future business development of the Group are provided in the Letter from Chairman on pages 5 to 7 and the Management Discussion and Analysis on pages 58 to 60 of this Annual Report. Description of the principal risks and uncertainties facing by the Group can be found in the Letter from Chairman on pages 5 to 7 and note 4 to the consolidated financial statements on pages 81 to 87 of this Annual Report. An analysis using financial key performance indicators can be found in the Management Discussion and Analysis on pages 58 to 60 of this Annual Report. A discussion of the Group's environmental policies and performance is provided in the Environmental, Social and Governance Report on pages 25 to 45 of this Annual Report. The above sections form part of this report.

In addition, discussions on the relationships with its key stakeholders and compliance with the relevant laws and regulations which have a significant impact on the Group are provided in the paragraphs below.

Relationships with key stakeholders

The Group maintains good relationship with its key stakeholders, which include employees, customers and shareholders.

Employees

The Group considers its employees as important and valuable assets, and is committed to providing a pleasant working environment and promoting work-life balance. In this regard, the Group has implemented various policies, ranging from casual wear day, birthday and family-care holiday, to organising various leisure activities for its employees from time to time.

The Group believes that communication is important in building up good relationship between management and employees. The management issues regular newsletters which are circulated to the employees through intranet. The Group also encourages employees to provide suggestions to the Group through various platforms.

BUSINESS REVIEW (Continued)

Relationships with key stakeholders (Continued)

Customers

The Group's main customers are purchasers, vendors, landlords and tenants of properties. The Group considers customers as a major stakeholder and is committed to providing comprehensive and high quality customer services.

Shareholders

The Group is committed to enhancing the shareholders' value and safeguarding the shareholders' interest through sound and effective corporate governance practices and procedures. Further discussion of the corporate governance practices and procedures is set out in the Corporate Governance Report on pages 11 to 22 of this Annual Report.

Compliance with the relevant laws and regulations

As one of the principal activities of the Group is provision of estate agency services, the Group takes particular care to comply with the requirements of the Estate Agents Ordinance. The Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data. To ensure the compliance with the applicable laws and regulations, the Group conducts regular training sessions for its staff, sets out guidelines and issues internal circulars to its staff from time to time.

In relation to human resources, the Group is committed to complying with the employment related ordinances, such as the Employment Ordinance, the Minimum Wage Ordinance, the Personal Data (Privacy) Ordinance, the ordinances relating to disability, sex, family status and race discrimination as well as the ordinance relating to occupational safety and health.

On the corporate level, the Company is committed to complying with the requirements under the Listing Rules and the Securities and Futures Ordinance (the "SFO") such as disclosure of information and corporate governance. The Company has complied with the code provisions set out in the Code throughout the year ended 31 December 2024. 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.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in note 23 and note 35(a) to the consolidated financial statements respectively.

CHARITABLE DONATIONS

During the year, the Group made charitable donations totalling HK$94,000 (2023: HK$146,000).

PROPERTY AND EQUIPMENT

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

INVESTMENT PROPERTIES

Details of the movements in investment properties of the Group during the year are set out in note 17 to the consolidated financial statements. Details of the properties held for investment purposes are set out on pages 130 to 131 of this Annual Report.

SHARE CAPITAL

Details of the movement of the share capital of the Company during the year are set out in note 22 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and there are no restrictions against such rights under the applicable laws of the Cayman Islands.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the reserves of the Company available for distribution to shareholders comprised the share premium, contributed surplus and retained earnings which in aggregate amounted to HK$911,523,000 (2023: HK$910,209,000). Under the Companies Act of the Cayman Islands, the share premium of the Company may be applied for paying distributions or dividends to shareholders subject to the provisions of the Company's articles of association and provided that immediately following the payment of distributions or dividends, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 132 of this Annual Report.

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.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 December 2024 and up to the date of this report are as follows:

Executive Directors
Mr. WONG Kin Yip, Freddie *(Chairman)*
Ms. WONG Ching Yi, Angela
Mr. LO Chin Ho, Tony
Mr. WONG Alexander Yiu Ming

Independent Non-Executive Directors
Mr. SHA Pau, Eric
Mr. WONG Chung Kwong
Mr. LI Wai Keung

Mr. WONG Kin Yip, Freddie, Mr. WONG Alexander Yiu Ming and Mr. WONG Chung Kwong shall retire by rotation at the forthcoming annual general meeting of the Company (the "AGM") in accordance with Article 87(1) of the articles of association of the Company.

The Company received from all Independent Non-Executive Directors annual confirmation of their independence and considered all the Independent Non-Executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in this Annual Report, no transactions, arrangements and contracts that are significant in relation to the Group's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its parent company was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he or she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his or her duty, or supposed duty, in his or her office provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to him or her. The Company has arranged directors and officers liability insurance for the directors of the Group.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company, no equity-linked agreements that will or may result in the Company issuing shares nor requiring the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the year or subsisted at the end of the year.

Details of the share option scheme of the Company are set out in the section headed "SHARE OPTION SCHEME" in this Annual Report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code or otherwise, were as follows:

(i) Long positions in the shares and underlying shares of the Company

	Number of ordinary shares	Number of underlying shares		
Name of Directors	Corporate interest/ Interest of controlled corporation	Personal interest/ Beneficial owner *(Note 1)*	Total	Approximate percentage of the issued voting shares of the Company
Mr. WONG Kin Yip, Freddie	1,108,433,428 *(Note 2)*	18,000,000	1,126,433,428	62.40%
Ms. WONG Ching Yi, Angela	–	18,000,000	18,000,000	1%
Mr. WONG Alexander Yiu Ming	–	18,000,000	18,000,000	1%

Notes:

(1) These underlying shares (being physically settled unlisted derivatives) were held by the Director(s) by virtue of the interests in the share options of the Company granted to him/her. Details of the share options granted by the Company to the above Directors are set out in the section headed "SHARE OPTION SCHEME" in this Annual Report.

(2) These shares were held by Wealth Builder Holdings Limited ("Wealth Builder") which was indirectly wholly-owned by Mr. WONG Kin Yip, Freddie through his wholly-owned company, namely Luck Gain Holdings Limited ("Luck Gain").

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(ii) Long positions in the shares and underlying shares of the associated corporations of the Company

		Number of ordinary shares			
Name of associated corporations	Name of Directors	Personal interest/ Beneficial owner	Corporate interest/ Interest of controlled corporation	Total	Approximate percentage of the issued voting shares of associated corporations
Wealth Builder	Mr. WONG Kin Yip, Freddie	–	1 *(Note)*	1	100%
Powerful Surge Group Limited	Ms. WONG Ching Yi, Angela	5	–	5	4.67%

Note: Such share was held by Luck Gain which was directly wholly-owned by Mr. WONG Kin Yip, Freddie.

Save as disclosed above, as at 31 December 2024, neither the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this Annual Report, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the interests and short positions of the substantial shareholders and other persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company

Name of substantial shareholders	Number of ordinary shares/ underlying shares	Holding capacity/ Nature of interest	Approximate percentage of the issued voting shares of the Company
Luck Gain	1,108,433,428 *(Note 1)*	Interest of controlled corporation/Corporate interest	61.40%
Wealth Builder	1,108,433,428 *(Note 1)*	Beneficial owner/Beneficial interest	61.40%
Ms. TANG Mei Lai, Metty	1,126,433,428 *(Note 2)*	Interest of spouse/Family interest	62.40%

Notes:

1. Luck Gain, which was directly wholly-owned by Mr. WONG Kin Yip, Freddie, was deemed to be interested in the 1,108,433,428 ordinary shares held by its directly wholly-owned subsidiary, Wealth Builder, under the SFO. These interests are also disclosed as the interests of Mr. WONG Kin Yip, Freddie in the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" in this Annual Report.

2. Such interests comprise (i) 1,108,433,428 ordinary shares held indirectly by Mr. WONG Kin Yip, Freddie, the spouse of Ms. TANG Mei Lai, Metty; and (ii) 18,000,000 underlying shares (being physically settled unlisted derivatives) held by Mr. WONG Kin Yip, Freddie by virtue of the interests in the share options of the Company granted to him, as disclosed in the sections headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTION SCHEME" in this Annual Report. Accordingly, Ms. TANG Mei Lai, Metty was deemed to be interested in the same block of ordinary shares and underlying shares of the Company in which Mr. WONG Kin Yip, Freddie was deemed to be interested under the SFO.

Save as disclosed above, as at 31 December 2024, no other substantial shareholders or persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 18 June 2020, the Company adopted the share option scheme (the "Share Option Scheme").

The major terms of the Share Option Scheme are summarised as follows:

(a) Purposes of the Share Option Scheme

The principal purposes of the Share Option Scheme are to enable the Group to recruit and retain high caliber Participants (as defined below) and attract human resources that are valuable to the Group, to recognise the contributions of the Participants to the growth of the Group by rewarding them with opportunities to obtain ownership interest in the Company, and to motivate and to give incentives to the Participants to continue to contribute to the long term success and prosperity of the Group.

(b) Participants of the Share Option Scheme

The Board may invite any Participant as the Board may in its absolute discretion select, having regard to each person's qualifications, skills, background, experience, service records and/or contribution or potential value to the relevant member(s) of the Group, to take up the options, subject to such terms and conditions (including vesting period) as determined by the Board, under the Share Option Scheme.

"Participant(s)" means any employees (whether full time or part time), senior executive or officer, manager, director (including executive, non-executive and independent non-executive director) or consultant of the Group who, as determined by the Board, have contributed or will contribute to the growth and development of the Group.

(c) Total number of shares available for issue

The total number of shares which may be issued upon exercise of all options granted or to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the total number of shares in issue (i.e. 180,528,260 shares) as at the date of adoption of the Share Option Scheme.

The total number of shares available for issue under the Share Option Scheme was 180,528,260 shares (representing approximately 10% of the issued shares of the Company as at the date of this Annual Report). The Company had granted options under the Share Option Scheme to subscribe for a total of 54,000,000 shares (representing approximately 3% of the issued shares of the Company as at the date of this Annual Report).

(d) Maximum entitlement of each Participant

The maximum number of shares issued and to be issued upon exercise of the options granted to each Participant under the Share Option Scheme and any other share option scheme(s) of the Company (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue.

Any further grant of options in excess of the above-mentioned limit shall be separately approved by the shareholders of the Company in general meeting with such Participant and such Participant's close associates (or his associates if such Participant is a connected person) abstaining from voting, and other requirements prescribed under the Listing Rules and/or other applicable statutory regulations or rules which must be complied with.

SHARE OPTION SCHEME (Continued)

(e) Maximum entitlement of each Participant who is a connected person

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme(s) of the Company to each Participant who is a substantial shareholder or an independent non-executive Director of the Company or any of their respective associates, in any 12-month period shall not exceed 0.1% of the total number of shares of the Company in issue and the aggregate value which based on the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of each grant shall not exceed HK$5,000,000.

Any further grant of options in excess of the above-mentioned limit shall be separately approved by the shareholders of the Company in general meeting. Such grantee, his associates and all core connected persons of the Company shall be abstaining from voting, except where any such person may vote against the relevant resolution at such general meeting provided that his intention to do so has been stated in the circular to be sent to the shareholders of the Company, and that other requirements prescribed under the Listing Rules and/or other applicable statutory regulations or rules have been complied with.

(f) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period within which the option shall be exercised, to be notified by the Board to each Participant who accepts an offer in accordance with the terms of the Share Option Scheme, provided that it shall commence on a date not more than ten years from the offer date.

(g) Acceptance of offer

An offer for the grant of an option made by the Company must be accepted within ten business days from the day on which such offer is made. The amount payable to the Company on acceptance of the offer for the grant of an option is HK$1.

(h) Basis of determining the exercise price

The exercise price of an option to subscribe for shares granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of:

(i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the offer date;

(ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(iii) the nominal value of a share of the Company.

(i) Remaining life of the Share Option Scheme

The Share Option Scheme became effective on 18 June 2020 and will remain in force for a period of ten years from the date of adoption.

The Company should comply with the requirements under Chapter 17 of the Listing Rules in respect of the matters of share options.

SHARE OPTION SCHEME (Continued)

Movements in the outstanding share options of the Company granted under the Share Option Scheme during the year were as follows:

			Number of share options						
Name	Date of grant *(Note 1)*	Exercise price per share HK$	Balance outstanding as at 1 January 2024	Granted during the year	Lapsed during the year	Cancelled during the year	Exercised during the year	Balance outstanding as at 31 December 2024	Exercisable period
Directors									
Mr. WONG Kin Yip, Freddie	3 January 2022	0.128	18,000,000	–	–	–	–	18,000,000	3 January 2023 to 2 January 2030
Ms. WONG Ching Yi, Angela	3 January 2022	0.128	18,000,000	–	–	–	–	18,000,000	3 January 2023 to 2 January 2030
Mr. WONG Alexander Yiu Ming	3 January 2022	0.128	18,000,000	–	–	–	–	18,000,000	3 January 2023 to 2 January 2030
			54,000,000	–	–	–	–	54,000,000	

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercisable period.

2. The number and/or exercise price of the share options may be subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.

3. The total number of options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2024 and 31 December 2024 was 126,528,260.

Details of the above share options are also set out in note 29 to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for less than 30% of the total revenues of the Group during the year ended 31 December 2024.

The Group had no major suppliers due to the nature of the principal activities of the Group.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. The significant related party transactions entered into by the Group during the year set out in note 34 to the consolidated financial statements which constitute non-exempt connected/continuing connected transactions are disclosed in the paragraphs below, in respect of which the relevant disclosure requirements under Chapter 14A of the Listing Rules have been complied with.

CONTINUING CONNECTED TRANSACTIONS

The following transactions between certain connected persons (as defined in the Listing Rules) of the Company and the Group were entered into and ongoing during the year for which relevant announcements had been made by the Company in accordance with the Listing Rules.

A cross referral services framework agreement (the "Cross Referral Services Framework Agreement (2023)") was made on 6 December 2023 between the Company and Midland, an associate of Mr. WONG Kin Yip, Freddie (the Chairman, Executive Director and controlling shareholder of the Company), pursuant to which members of the Group and members of Midland and its subsidiaries (the "Midland Group") may carry on cross referral services transactions in relation to estate agency businesses (the "Cross Referral Transactions") with each other for a period of three years from 1 January 2024 to 31 December 2026 in compliance with the Listing Rules. The continuing connected transactions as contemplated under the Cross Referral Services Framework Agreement (2023) are essentially referrals of business opportunities in property transactions between members of the Group and the Midland Group for estate agency services. Each Cross Referral Transaction is conducted on a case-by-case basis and is customer-driven. The Cross Referral Services Framework Agreement (2023), the Cross Referral Transactions and the annual caps were approved at the extraordinary general meeting of the Company held on 17 January 2024. On 11 July 2024, the Board proposed to revise the annual caps in respect of the referral fees from the Midland Group to the Group under the Cross Referral Services Framework Agreement (2023) for the year ended 31 December 2024 and for the two years ending 31 December 2025 and 2026. The revised annual caps were approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 16 August 2024.

Under the Cross Referral Services Framework Agreement (2023), the revised annual caps in respect of the referral fees from the Midland Group for the year ended 31 December 2024 and for the two years ending 31 December 2025 and 2026 is HK$52.0 million each, while the existing annual caps in respect of the referral fees to the Midland Group for the year ended 31 December 2024 and for the two years ending 31 December 2025 and 2026 is HK$82.0 million each.

Details relating to the Cross Referral Services Framework Agreement (2023) and the annual caps were set out in the announcements of the Company dated 6 December 2023 and 11 July 2024, and the circulars of the Company dated 22 December 2023 and 23 July 2024.

The aggregate values of the referral fees to and from the Midland Group under the Cross Referral Services Framework Agreement (2023) for the year ended 31 December 2024 was approximately HK$31.8 million and HK$30.6 million respectively, which had not exceeded the respective cap value for the said year.

The Group had from time to time on separate occasions in its ordinary and usual course of business entered into different lease agreements, some of which with connected person(s) of the Company:

A tenancy agreement was made on 27 March 2023 between Teamway Group Limited, an indirect wholly-owned subsidiary of the Company, as landlord and Union Honor Limited, an indirect wholly-owned subsidiary of Midland, as tenant whereby the landlord agreed to let the premises located at the Whole of 21st Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong for a term of one year from 19 March 2023 to 18 March 2024 at a monthly rental of HK$200,000 without rent-free period. Details of which were disclosed in the announcement of the Company dated 27 March 2023.

The annual cap for the rentals received/receivable by the Group for the year ended 31 December 2024 had been fixed at HK$600,000. Details of which were disclosed in the announcement of the Company dated 27 March 2023. The total rentals received/receivable by the Group for the year ended 31 December 2024 was approximately HK$516,000, which had not exceeded the annual cap for the year.

CONTINUING CONNECTED TRANSACTIONS (Continued)

Pursuant to Rule 14A.55 of the Listing Rules, the aforesaid continuing connected transactions (the "Continuing Connected Transactions") have been reviewed by the Independent Non-Executive Directors who have confirmed that the Continuing Connected Transactions have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified report containing its findings and conclusions in respect of the Continuing Connected Transactions disclosed on pages 55 to 56 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules.

CHANGE IN DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of a Director subsequent to the date of the 2024 interim report of the Company is set out below:

Mr. WONG Alexander Yiu Ming is entitled to an annual director's fee of HK$100,000, extra remuneration of HK$116,667 per month and profit sharing of the Group and his responsible business units of the Group respectively in each financial year.

RETIREMENT SCHEME

Details of the Group's retirement scheme are set out in note 8 to the consolidated financial statements.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2024 are set out in note 36 to the consolidated financial statements.

BANK BORROWINGS

An analysis of bank borrowings of the Group as at 31 December 2024 is set out in note 24 to the consolidated financial statements. Apart from the aforesaid and note 26 to the consolidated financial statements, the Group had no other borrowings as at 31 December 2024.

DIRECTORS' EMOLUMENT POLICY

The Company recognises the importance of a formal and transparent policy on determining the remuneration packages of Directors and other remuneration related matters, and adopted a remuneration policy for Directors which aims to ensure that remuneration packages of Directors are appropriate and sufficient to attract and retain high caliber Directors to run the Company successfully and that it aligns with the strategic business goals of the Company. To ensure that the Directors are appropriately remunerated, salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group would be considered. The emoluments of the Executive Directors are reviewed by the Remuneration Committee and determined by the Board, having regard to the Group's operating results, individual performance and prevailing market condition. The emoluments of the Independent Non-Executive Directors are reviewed by the Remuneration Committee and determined by the Board. No Director or any of his or her associates was involved in deciding his or her own remuneration. The Company has a share option scheme as an incentive to the Directors and eligible employees, details of the scheme are set out in the section headed "SHARE OPTION SCHEME" and in note 29 to the consolidated financial statements.

DIRECTORS' INTEREST IN COMPETING BUSINESS

The interests of the Directors in businesses which compete or are likely to compete, directly or indirectly, with the businesses of the Group during the year were as follows:

Mr. WONG Kin Yip, Freddie (the Chairman and a controlling shareholder of Midland) and Ms. WONG Ching Yi, Angela held executive directorships in the Midland Group. Mr. WONG Alexander Yiu Ming held directorships in the Midland Group. The Midland Group is principally engaged in the provision of property agency services in Hong Kong, Macau and the PRC, property leasing, immigration consultancy services and money lending services.

As the Board of the Company is independent of the board of directors of Midland and none of the above Directors can control the Board of the Company, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of the Midland Group.

Save as disclosed above, none of the Directors had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, there is sufficient public float of at least 25% of the total number of issued shares of the Company as required under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers, auditor of the Company, who shall retire and, being eligible, will offer themselves for re–appointment at the AGM.

On behalf of the Board
Legend Upstar Holdings Limited

WONG Ching Yi, Angela
Executive Director

Hong Kong, 31 March 2025

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.

FINANCIAL REVIEW (Continued)

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.

FINANCIAL REVIEW (Continued)

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.

羅兵咸永道

TO THE SHAREHOLDERS OF LEGEND UPSTAR HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Legend Upstar Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 69 to 129, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which comprising material accounting policies and other explanatory information.

Our opinion

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition for property agency fees
- Expected credit loss allowance for trade receivables
- Valuation of investment properties

Key Audit Matters	How our audit addressed the Key Audit Matters
Revenue recognition for property agency fees	
Refer to note 5(a) and note 6 to the consolidated financial statements. The Group recognised revenue from property agency businesses of HK$301.5 million for the year ended 31 December 2024, representing 84% of the total revenues reported by the Group. Property agency fees includes an element of consideration that is variable or contingent on the occurrence or non-occurrence of future events. Management estimated the amount of variable consideration included in the transaction price only to the extent that it is highly probable taking into consideration of the risk of transactions fallen through and price concession based on customary industry practice, that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.	• We obtained an understanding of management's internal control and process of revenue recognition for property agency fees and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. • We evaluated and tested the design and operating effectiveness of the key controls over revenue recognition for property agency fees. • We evaluated management's assessment on the determination of variable consideration and the outcome of prior period assessment of revenue recognition to assess the effectiveness of management's estimation process.

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
Revenue recognition for property agency fees (Continued)	
We focused on this area because the estimation of the variable consideration is inherently subjective and requires significant judgement, which increase the risk or potential management bias.	• We assessed the reasonableness of management's estimates used to determine variable consideration by considering various factors such as the terms set out in the contracts, the completion status of the sales transactions, knowledge of the customers, price concession and other relevant market information. • We tested, on a sample basis, the data used in the calculation of the variable consideration to supporting evidence. Based on the procedures performed, we considered that the estimations made by management on the revenue recognition for property agency fees were supported by available evidence.
Expected credit loss allowance for trade receivables	
Refer to note 3(b), note 3(c), note 4(a)(i) and note 5(b) to the consolidated financial statements. As at 31 December 2024, the Group's gross trade receivables amounted to HK$110.8 million, against which an expected credit loss allowance ("ECL") of HK$30.2 million was made. Management applied the HKFRS 9 simplified approach to measure lifetime ECL allowance for all trade receivables. Management identified trade receivables with impairment indicators with reference to their knowledge about the customers, the completion status of related property transactions and the market conditions, and made ECL allowance for these trade receivables accordingly. Management grouped the remaining trade receivables with similar credit risk characteristics and aging profile, and estimated ECL rates based on latest completed historical payment profile of sales over 12 months and corresponding historical credit losses experience within that period and adjusted to reflect the current and forward-looking information on macroeconomic factors when they are considered relevant to determine the ability of customers to settle the receivables in the future.	• We obtained an understanding of management's internal control and process for the estimation of ECL allowance for trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. • We evaluated and tested the key controls performed by management over the estimation of ECL allowance for trade receivables. • We assessed the appropriateness of the expected loss provisioning methodology in determining the ECL allowance. • We assessed the estimates used to determine the ECL allowance by considering the completion status of the transactions, historical payment pattern, general market conditions and management's knowledge about credit worthiness of contracted parties.

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
Expected credit loss allowance for trade receivables (Continued)	
We focused on this area because the estimation of ECL allowance involved a significant level of judgement by management to determine the use of internal and external data from various sources to establish the historical credit loss experience and to adjust this experience for expected future changes, recognising that these factors are all subject to a certain level of uncertainty.	• We assessed the appropriateness of the grouping of the trade receivables based on their market segments and the credit risk characteristic assessed by reference to the available market information. • We tested, on a sample basis, accuracy of the trade receivables aging report to the registration or other relevant documents. • We challenged the inputs, assumptions and estimation techniques, including historical credit loss rates and forward-looking information, used in determining the ECL allowance. Based on the procedures performed, we considered that management's judgement and assumptions applied in assessing the ECL allowance for trade receivable were supported by available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
Valuation of investment properties	
Refer to note 3(a), note 5(c) and note 17 to the consolidated financial statements. As at 31 December 2024, the investment properties of HK$952.9 million were measured at fair value in the consolidated balance sheet. There was a fair value loss of HK$53.9 million recognised in the consolidated income statement for the year ended 31 December 2024. The Group's investment properties comprised commercial and industrial units, serviced apartments and shops in Hong Kong. Management engaged an independent professional valuer to determine the fair value of the Group's investment properties. The fair value was derived by the income capitalisation method and direct comparison method, wherever appropriate. Income capitalisation method was based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates and prevailing market rents. Direct comparison method was based on comparable market transactions, as adjusted by the property-specific qualitative factors.	• We understood management's internal controls and process for determining the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors. • We evaluated the competence, capabilities and objectivity of the independent professional valuer. • We obtained the valuation report of the investment properties and met with the independent professional valuer to discuss the valuation methodologies and key assumptions. • We involved our internal valuation specialists and assessed the appropriateness of the valuation methodologies and the reasonableness of key assumptions used in the valuation of investment properties, based on our knowledge of the property industry, research evidence of capitalisation rates, prevailing market rents and comparable market transactions for similar properties, where applicable.

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
Valuation of investment properties (Continued)	
We focused on this area because these investment properties were significant to the Group and significant judgments and estimates were involved in the valuation of investment properties.	• We tested, on a sample basis, the valuation input data on existing leases by agreeing the rental income and lease terms to the signed lease agreements. • We assessed the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRS disclosure requirements. Based on the procedures performed, we considered that the methodologies used and key assumptions adopted in the valuation of investment properties were supported by available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chan Tak Wai, Daniel.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2025

Consolidated Income Statement

For the Year Ended 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Revenues	6(a)	356,856	397,073
Fair value loss on investment properties	17	(53,900)	(26,700)
Other gains	7	12,003	7,342
Staff costs	8	(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	16	(550)	(163)
Depreciation of right-of-use assets	16	(17,077)	(23,962)
Depreciation of property and equipment	15	(4,567)	(5,283)
Net impairment losses on financial assets		(6,461)	(10,362)
Other operating costs	10	(30,676)	(33,787)
Operating (loss)/profit		(7,333)	22,126
Finance costs, net	11	(16,029)	(16,180)
(Loss)/profit before income tax		(23,362)	5,946
Income tax expense	12	(3,279)	(7,641)
Loss for the year		(26,641)	(1,695)
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	14		
Basic and diluted		(1.443)	(0.041)

The above consolidated income statement should be read in conjunction with the accompanying notes.

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		
Item that will not be reclassified to profit or loss		
Remeasurement of post-employment benefit obligation	1,191	24
Total comprehensive loss for the year	(25,450)	(1,671)
Total comprehensive loss for the year attributable to:		
Equity holders of the Company	(24,852)	(709)
Non-controlling interests	(598)	(962)
	(25,450)	(1,671)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

As at 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property and equipment	15	6,561	6,938
Right-of-use assets	16	10,017	22,839
Investment properties	17	952,900	1,006,800
Deferred income tax assets	18	13,582	10,541
		983,060	1,047,118
Current assets			
Trade and other receivables	19	114,187	89,638
Loan receivables	20	251,064	333,710
Tax recoverable		1,459	1,792
Cash and cash equivalents	21	285,998	219,181
		652,708	644,321
Total assets		1,635,768	1,691,439
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	22	180,528	180,528
Share premium	22	745,086	745,086
Reserves	23	182,979	207,831
		1,108,593	1,133,445
Non-controlling interests		2,715	6,028
Total equity		1,111,308	1,139,473

Consolidated Balance Sheet

As at 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	18	9,165	8,071
Lease liabilities	16	1,354	8,799
Bank borrowings	24	227,038	274,869
Other payables	25	5,198	6,887
		242,755	298,626
Current liabilities			
Trade and other payables	25	122,156	125,581
Amounts due to non-controlling interests	26	210	420
Lease liabilities	16	9,495	16,061
Bank borrowings	24	146,006	109,356
Current income tax liabilities		3,838	1,922
		281,705	253,340
Total liabilities		524,460	551,966
Total equity and liabilities		1,635,768	1,691,439

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 69 to 129 were approved by the Board of Directors on 31 March 2025 and were signed on its behalf.

WONG Ching Yi, Angela
Director

WONG Alexander Yiu Ming
Director

	Attributable to equity holders of the Company					
	Share capital HK$'000	Share premium HK$'000	Reserves HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2024	180,528	745,086	207,831	1,133,445	6,028	1,139,473
Loss for the year	–	–	(26,043)	(26,043)	(598)	(26,641)
Other comprehensive income						
Remeasurement of post-employment benefit obligation	–	–	1,191	1,191	–	1,191
Total comprehensive loss for the year	–	–	(24,852)	(24,852)	(598)	(25,450)
Transaction with owners						
Transaction with non-controlling interests (Note 28)	–	–	–	–	(2,715)	(2,715)
At 31 December 2024	180,528	745,086	182,979	1,108,593	2,715	1,111,308
At 1 January 2023	180,528	745,086	208,522	1,134,136	6,990	1,141,126
Loss for the year	–	–	(733)	(733)	(962)	(1,695)
Other comprehensive income						
Remeasurement of post-employment benefit obligation	–	–	24	24	–	24
Total comprehensive loss for the year	–	–	(709)	(709)	(962)	(1,671)
Transaction with owners						
Share option scheme – value of employee services (Note 29)	–	–	18	18	–	18
At 31 December 2023	180,528	745,086	207,831	1,133,445	6,028	1,139,473

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2024

	Note	**2024 HK$'000**	2023 HK$'000
Cash flows from operating activities			
Net cash generated from operations	30(a)	122,620	95,249
Hong Kong profits tax paid		(3,212)	(11,314)
Interest paid		(22,661)	(21,855)
Interest element of lease payments		(735)	(893)
Net cash inflow from operating activities		96,012	61,187
Cash flows from investing activities			
Acquisition of property and equipment	15	(4,190)	(3,943)
Net cash inflow from the disposal of a subsidiary	27	–	32,448
Interest received		7,367	6,568
Net cash inflow from investing activities		3,177	35,073
Cash flows from financing activities			
Proceeds from borrowings	30(b)	102,000	–
Repayment of bank borrowings	30(b)	(113,181)	(65,726)
Principal elements of lease payments	30(b)	(18,266)	(24,138)
Transactions with non-controlling interests	28	(2,925)	–
Net cash outflow from financing activities		(32,372)	(89,864)
Net increase in cash and cash equivalents		66,817	6,396
Cash and cash equivalents at 1 January		219,181	212,785
Cash and cash equivalents at 31 December	21	285,998	219,181

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 GENERAL INFORMATION

Legend Upstar Holdings Limited (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 Company and its subsidiaries (together, 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 thousands of Hong Kong dollars ("HK$000"), unless otherwise stated.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 5.

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 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Investment properties

Properties that are held for long-term rental yield or for capital appreciation or both, and that are not occupied by the Group, are classified as investment properties. Land held under operating leases are classified and accounted for as investment properties when the rest of the definition of investment properties is met.

Investment properties are measured initially at its cost, including related transaction costs. After initial recognition, investment properties are carried at fair value, representing estimated open market value determined at each reporting date by qualified valuers.

Subsequent expenditure is charged to the carrying amount of the properties only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

If a property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as a revaluation of property and equipment. However, if a fair value gain reverses a previous impairment, the gain is recognised in the consolidated income statement.

(b) Financial assets

(i) Classification

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

– those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

– those to be measured at amortised cost.

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

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

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

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(b) Financial assets (Continued)

(ii) Recognition and derecognition

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

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as amortised cost.

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

(iv) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer to note 4(a)(i) for further details.

(c) Trade and other receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 4(a)(i).

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Loan receivables

Loan receivables are property mortgage loans granted to customers. If collection of loan receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Loan receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision for impairment.

(e) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the consolidated balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated income statement as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(f) Employee benefits

(i) Employee leave entitlements

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

Employee entitlements to sick leave and maternity or paternity leave are not recognised until the time of leave.

(ii) Post-employment obligations

The Group operates varies post-employment schemes, including defined contribution retirement scheme and defined benefit pension scheme.

For defined contribution retirement scheme, contributions are available to all employees calculated at rates specified in the rules of the schemes, are charged to the consolidated income statement when the contributions are payable to the fund.

For defined benefit scheme, the Group's net obligation in respect of long service payments to its employees in Hong Kong upon cessation of their employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefits that the employees have earned in return for their services in the current and prior periods.

The obligation is calculated using the projected unit credit cost method, discounted to its present value and reduced by entitlements accrued under the Group's retirement schemes that are attributed to contributions made by the Group. The discount rate is the yield at each balance sheet date of Hong Kong Government's Exchange Fund Notes which have terms to maturity approximating the terms of the related liability. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans.

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Employee benefits (Continued)

(ii) Post-employment obligations (Continued)

The current service cost of the defined benefit plan, recognised in the consolidated income statement in employee benefit expense reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

Past-service costs are recognised immediately in the consolidated income statement.

The interest expenses are calculated by applying the discount rate to the balance of the defined benefit obligation. This cost is included in employee benefit expense in the consolidated income statement.

Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Change in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised in consolidated income statement.

(iii) Share-based payment

– *Equity-settled share-based payment transactions*

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss account, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Employee benefits (Continued)

(iii) Share-based payment (Continued)

– *Share-based payment transactions among Group entities*

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

(g) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

When there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

(h) Revenue recognition

Income is classified by the Group as revenue when it arises from the provision of property agency and money lending services or the use by others of the Group's assets under leases in the ordinary course of the activities of the Group.

(i) Agency fee from property agency businesses

Agency fee from property agency businesses is recognised when the services are rendered which is generally the time when the transacting parties first come into an agreement. At that time, the Group recognises revenue after taking into account the variable consideration arising from discounts and price concession as mentioned below.

Revenue from agency businesses include an element of consideration that is variable or contingent on the outcome of future events, including the risk of fallen through and price concession based on customary industry practice, which give rise to discounts and price concession.

The Group uses an expected value approach to estimate variable consideration. In order to assess the variable consideration, the Group based on the past experience on similar transactions and all reasonably available information to determine the expected consideration that the Group will be entitled.

This estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

3 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Revenue recognition (Continued)

(ii) Income from operating leases

Operating lease rental income is recognised on a straight-line basis over the lease term.

(iii) Interest income from loan receivables and finance income

Interest income from loan receivables and finance income are recognised on a time proportion basis using the effective interest method.

4 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to credit risk, cash flow and fair value interest rate risk, liquidity risk and foreign exchange risk. The overall risk management programme of the Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group has not used derivative financial instruments to hedge its risk exposures to changes in foreign currency exchange risk and interest risk.

(i) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, trade and other receivables, and loan receivables.

Risk management

To mitigate the risk arising from banks, the Group has adopted the diversification of bank deposits and places its deposits to certain reputable banks (diversification of bank deposits). Management therefore considers that the Group has limited credit risk with its banks.

Management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, management reviews regularly the recoverable amount of each individual loan receivable and trade receivable by taking into account of their knowledge about customers, the completion status of related property transactions, value of the collateral and the market conditions to ensure that adequate impairment is made for the irrecoverable amounts.

For loan receivables, the Group mitigates credit risk by credit protection provided by collaterals such as properties located in Hong Kong and/or guarantors. Individual risk limits are set based on the value of collaterals provided by customers and internal or external ratings in accordance with limits set by the management.

Impairment of financial assets

The Group's trade receivables and loan receivables are subject to the ECL model. While cash and cash equivalents and other financial assets at amortised cost are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

ECL is measured on lifetime basis that these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk (Continued)

Impairment of financial assets (Continued)

ECL is measured on either of the following bases:

- 12-month ECL: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- Lifetime ECL: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loan receivables

The Group applies the HKFRS 9 general approach to measure expected credit losses for loan receivables.

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

– internal credit rating

– external credit rating (as far as available)

– actual or expected significant changes in the operating results of the borrower

– significant increases in credit risk on other financial instruments of the same borrower

– significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements

– significant changes in the expected performance and behaviour of the borrower, including any default from the borrowers or changes in the payment status of borrowers.

The Group defines a loan receivable as in default, which is more than 60 days past due on interest payments.

All loan receivables consist of first charge mortgage on real estate in Hong Kong. The loan-to-value ratio, which is calculated as the carrying amount of the loan at the balance sheet date as a percentage of the current value of collateral, ranges from 16% to 89% as at year end (2023: 23% to 83%). Valuations are updated on a regular basis and more frequently when market conditions are subject to significant change or where a loan is identified and assessed as impaired.

To measure the ECL, the Group considers whether there has been a significant increase in credit risk, whether the borrower is in default and the fair value of the collateral less cost of disposal. The management considers the ECL for loan receivables due to default is HK$1,614,000 as at 31 December 2024 (2023: Nil).

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk (Continued)

Impairment of financial assets (Continued)

Trade receivables

The Group's trade receivables have been grouped into categories for shared credit risk characteristics:

– primary properties market transactions; and

– other transactions

For trade receivables from primary properties market transactions, the counterparties are primarily large corporations with strong financial position and no impairment indicators and management considers the credit risk is close to zero.

For trade receivables from other transactions, the counterparties are primarily individuals and small to medium sized corporations. When there is objective evidence that individual trade receivable is impaired, the loss allowances for these trade receivables is assessed and measured at an amount equal to lifetime ECL.

For the remaining trade receivables from other transactions which no objective evidence is available without undue cost to measure the lifetime ECL, the Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for these trade receivables collectively.

To measure the ECL, these trade receivables have been grouped with similar credit risk characteristics based on the sectors of the transacted properties and aging profile.

The expected loss rates are based on the latest completed historical payment profile of sales over a period of 12 month and the corresponding historical credit losses experienced within that period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, if any.

On these basis, the loss allowances for trade receivables as at 31 December 2024 and 31 December 2023 were determined as follows:

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk (Continued)

Impairment of financial assets (Continued)

Trade receivables (Continued)

As at 31 December 2024

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance Individually assessed HK$'000	Loss allowance Collectively assessed HK$'000	Loss allowance Total HK$'000
Current (not yet due)	1.9%-11.1%	76,750	(190)	(2,237)	(2,427)
Less than 30 days past due	0.3%-4.4%	4,288	(37)	(44)	(81)
31-60 days past due	0.5%-10.0%	1,872	(34)	(96)	(130)
61-90 days past due	1.0%-15.2%	392	–	(40)	(40)
More than 90 days past due	1.4%-100%	27,494	(27,167)	(327)	(27,494)
		110,796	(27,428)	(2,744)	(30,172)

As at 31 December 2023

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance Individually assessed HK$'000	Loss allowance Collectively assessed HK$'000	Loss allowance Total HK$'000
Current (not yet due)	1.1%-12.1%	61,771	–	(1,674)	(1,674)
Less than 30 days past due	2.7%-27.8%	5,457	–	(716)	(716)
31-60 days past due	5.0%-100%	420	–	(420)	(420)
61-90 days past due	6.4%-100%	721	(480)	(241)	(721)
More than 90 days past due	11.6%-100%	38,081	(37,156)	(925)	(38,081)
		106,450	(37,636)	(3,976)	(41,612)

Note: 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 loss allowance provided for trade receivables not yet due includes the credit risk arising from bad debts and fallen through transactions. The loss allowance provided for overdue trade receivables includes only the credit risk arising from bad debts.

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(i) Credit risk (Continued)

Impairment of financial assets (Continued)

Trade receivables (Continued)

Movements in the provision for impairment of trade receivables are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	41,612	33,352
Provision for impairment	4,847	10,362
Write-off of uncollectible debts	(16,287)	(2,102)
At 31 December	30,172	41,612

Trade receivables are written off when there is no reasonable expectation of recovery.

Impairment losses on trade receivables are presented as net impairment losses on financial assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

For other financial assets at amortised cost, including deposits and other receivables, management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month ECL which is immaterial.

Impairment losses on other financial assets at amortised cost are presented as net impairment losses on financial assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Cash flow and fair value interest rate risk

The Group has no significant interest bearing assets and liabilities other than bank deposits and bank borrowings at variable rates. The Group's loan receivables were at fixed rates and expose the Group to fair value interest risk.

As at 31 December 2024, if interest rates had been 25 basis point higher/lower with all other variables held constant, the Group's post-tax loss for the year would have been higher/lower and equity would have been lower/higher by approximately HK$260,000 (2023: HK$344,000) mainly attributable to the Group's exposure to interest rates on its variable rates of bank deposits and bank borrowings.

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Liquidity risk

The Group maintains its own treasury function (the "Group Finance") to monitor the current and expected liquidity requirements and aims to maintain flexibility by keeping sufficient cash and cash equivalents generated from operations. Cash flow forecast is performed in the operating entities of the Group and aggregated by the Group Finance. The Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient head-room on its undrawn facilities (note 24) at all times so that the Group does not breach borrowing limits or financial covenants (where applicable) on any of its borrowing facilities. The Group has complied with all financial covenants of its borrowing facilities during the years ended 31 December 2024 and 2023.

Surplus cash held by the operating entities over and above the balance required for working capital management are transferred to the Group Finance. The Group Finance invests surplus cash in interest bearing time deposits. As at 31 December 2024, the Group has short-term bank deposits of HK$207,382,000 (2023: HK$183,380,000).

The following tables show the remaining contractual maturity at the end of the reporting period of the Group's financial liabilities based on undiscounted cash flows and the earliest date the Group can be required to pay. Specifically, for the bank borrowings which contains a repayment on demand clause which can be exercised at the banks' sole discretion, the analysis shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loan with immediate effect. Balances due within 12 months equal their carrying balances (including both interest and principal) as the impact of discounting is not significant.

	On demand HK$'000	Less than 1 year HK$'000	Between 1 and 5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Total carrying amount HK$'000
As at 31 December 2024					
Trade and other payables	–	118,847	4,242	123,089	123,089
Amounts due to non-controlling interests	210	–	–	210	210
Lease liabilities and interest payments	–	10,302	1,374	11,676	10,849
Bank borrowings and interest payments	–	161,925	242,151	404,076	373,044
	210	291,074	247,767	539,051	507,192
As at 31 December 2023					
Trade and other payables	–	116,688	10,757	127,445	127,445
Amounts due to non-controlling interests	420	–	–	420	420
Lease liabilities and interest payments	–	16,566	8,901	25,467	24,860
Bank borrowings and interest payments	–	130,975	299,631	430,606	384,225
	420	264,229	319,289	583,938	536,950

(iv) Foreign exchange risk

As at 31 December 2024 and 2023, all the Group's assets and liabilities are denominated in Hong Kong dollars ("HK dollars"). The foreign exchange exposure of the Group is minimal.

4 FINANCIAL RISK MANAGEMENT (Continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of equity attributable to the equity holders and bank borrowings. In order to maintain or adjust the capital structure, the Group will consider macroeconomic conditions, prevailing borrowing rate in the market and adequacy of cash flows generating from operations and may issue new shares or raise funding through bank borrowing as necessary.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total bank borrowings divided by total equity.

The gearing ratios at 31 December 2024 and 2023 were as follows:

	2024 HK$'000	2023 HK$'000
Bank borrowings	373,044	384,225
Total equity	1,111,308	1,139,473
Gearing ratio	33.6%	33.7%

(c) Fair value estimation

The carrying amounts of the financial assets of the Group, including cash and cash equivalents, loan receivables, trade and other receivables and financial liabilities including amount due to non-controlling interests, trade and other payables approximate their fair values due to their short-term maturities. Other payables, bank borrowings and lease liabilities that are expected to be settled more than 12 months after reporting date are initially measured on a present value basis by discounting the balance to net present value using the Group's incremental borrowing rate.

The fair value estimation of investment properties is disclosed in note 17 to the consolidated financial statements.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements in applying the Group's accounting policies, and estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Revenue recognition

Management reviews sales transactions to determine whether it is probable that future economic benefits arising from the sales transactions would flow to the Group taking into account the variable consideration in the transaction price.

Agency fee from property agency business is recognised as revenue when the services are rendered which is generally the time when the transacting parties first enter into an agreement. However, such revenue will be subject to variations as a result of, for example, trade discounts and price concessions which are common in the industry, resulting in variable consideration.

Variable consideration arises in revenue of agency business due to price variables and uncertainties of the outcome of future events, which affect the Group's determination of the amount of the revenue. Common examples of such price variables and uncertainties include the risk of transactions fallen through and price concessions made by the Group based on customary industry practice, which give rise to discounts and price concessions.

Pursuant to the HKFRS 15, the Group adopts an expected value approach to estimate variable consideration for inclusion in the transaction price. In order to assess the variable consideration, the Group takes into account the past experience on similar transactions and all reasonably available information to determine estimated recoverable rates in assessing the expected consideration to which the Group will be entitled.

This estimated amount of variable consideration will be included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved in the future.

(b) Impairment of financial assets

Management reviews regularly the recoverable amount of each individually significant trade receivable and loan receivable to ensure that adequate impairment is made for the irrecoverable amounts. The measurement of impairment losses requires judgement. In particular, management assesses the recoverable amount of each individual trade receivable and loan receivable whether there is objective evidence that the receivable is impaired. This evidence may include observable data indicating that there has been an adverse change in the payment status of the debtors and the local economic conditions that correlate with the potential risk of impairment on the transactions. For the remaining trade receivables, generally not arising from primary properties market transactions and having no objective evidence of impairment, the impairment is assessed based on the latest completed historical payment profile of sales over a period of 12 months and the corresponding historical credit losses experienced within that period.

Management reassesses the provision for impairment at each balance sheet date.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Fair value of investment properties

The fair value of investment properties is determined by using valuation techniques. Details of the judgement and assumptions used in the valuation have been disclosed in note 17 to the consolidated financial statements.

(d) Income taxes

Deferred income tax assets relating to temporary differences and tax losses are recognised to the extent that management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and liabilities and income tax charges in the periods in which such estimate is changed.

6 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	356,856	397,073

6 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						
	Commercial properties HK$'000	Industrial properties HK$'000	Shops HK$'000	Properties investment HK$'000	Credit business HK$'000	Others HK$'000	Total 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.

6 REVENUES AND SEGMENT INFORMATION (Continued)

(b) Segment information (Continued)

	Year ended 31 December 2023						
	Property agency						
	Commercial properties HK$'000	Industrial properties HK$'000	Shops HK$'000	Properties investment HK$'000	Credit business HK$'000	Others HK$'000	Total 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.

6 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 11)	7,367	6,568
Interest on bank borrowings (note 11)	(22,661)	(21,855)
(Loss)/profit before income tax	(23,362)	5,946

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						
	Commercial properties HK$'000	Industrial properties HK$'000	Shops HK$'000	Properties investment HK$'000	Credit business HK$'000	Others HK$'000	Total 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						
	Commercial properties HK$'000	Industrial properties HK$'000	Shops HK$'000	Properties investment HK$'000	Credit business HK$'000	Others HK$'000	Total 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

6 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	1,635,768	1,691,439

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	524,460	551,966

7 OTHER GAINS

	2024 HK$'000	2023 HK$'000
Gain on disposal of a subsidiary (note 27)	–	6,970
Compensation income (Note)	11,417	–
Others	586	372
	12,003	7,342

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 approval of the consolidated financial statements.

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.

8 STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	2024 HK$'000	2023 HK$'000
Salaries and allowances	95,433	104,018
Commissions	93,349	89,763
Pension costs for defined contribution plans	5,185	5,970
Pension costs for defined benefit plans	848	864
Share-based benefits	–	18
	194,815	200,633

The Group participates in a mandatory provident fund ("MPF") scheme which is available to eligible employees of the Group, including Executive Directors. Contributions to the MPF scheme by the Group and the employees are calculated at rates specified in the rules of the MPF scheme. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund.

The cost of the MPF scheme charged to the consolidated income statement represents contributions paid and payable by the Group to the fund.

The Group's contributions to the MPF scheme for its employees are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contributions under the MPF scheme that may be used by the Group to reduce the existing level of contributions.

9 BENEFIT AND INTEREST OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Benefit and interest of directors

The remuneration of each director for the year ended 31 December 2024 is set out below:

	Fees HK$'000	Salaries and allowances HK$'000	Performance incentive* HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive Directors					
Mr. WONG Kin Yip, Freddie (Chairman)	100	4,037	–	–	4,137
Ms. WONG Ching Yi, Angela	100	2,400	916	18	3,434
Mr. LO Chin Ho, Tony	–	1,440	–	18	1,458
Mr. WONG Alexander Yiu Ming	100	930	223	18	1,271
	300	8,807	1,139	54	10,300
Independent Non-executive Directors					
Mr. SHA Pau, Eric	120	–	–	–	120
Mr. WONG Chung Kwong	120	–	–	–	120
Mr. LI Wai Keung	120	–	–	–	120
	360	–	–	–	360
	660	8,807	1,139	54	10,660

9 BENEFIT AND INTEREST OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Benefit and interest of directors (Continued)

The remuneration of each director for the year ended 31 December 2023 is set out below:

	Fees HK$'000	Salaries and allowances HK$'000	Performance incentive* HK$'000	Retirement benefit costs HK$'000	Total HK$'000
Executive Directors					
Mr. WONG Kin Yip, Freddie (Chairman)	100	4,115	–	–	4,215
Ms. WONG Ching Yi, Angela	100	2,400	750	18	3,268
Mr. LO Chin Ho, Tony	–	1,442	–	18	1,460
Mr. WONG Alexander Yiu Ming	100	909	664	18	1,691
	300	8,866	1,414	54	10,634
Independent Non-executive Directors					
Mr. SHA Pau, Eric	120	–	–	–	120
Mr. WONG Chung Kwong	120	–	–	–	120
Mr. LI Wai Keung	120	–	–	–	120
Mr. HO Kwan Tat, Ted (retired on 8 June 2023)	52	–	–	–	52
	412	–	–	–	412
	712	8,866	1,414	54	11,046

* Performance incentive is determined based on performance of profit targets.

In addition to the directors' emoluments disclosed above, the estimated value of share options granted by the Company to Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela and Mr. WONG Alexander Yiu Ming for the year ended 31 December 2023 amounted to HK$6,000, HK$6,000 and HK$6,000 respectively. Including the estimated value of share options granted, total remuneration of Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela and Mr. WONG Alexander Yiu Ming for the year ended 31 December 2023 amounted to HK$4,221,000, HK$3,274,000 and HK$1,697,000 respectively.

For the year ended 31 December 2024 and 2023, no directors waived or agreed to waive any emoluments.

No incentive payment for joining the Group was paid or payable to any director during the year (2023: nil).

9 BENEFIT AND INTEREST OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(a) Benefit and interest of directors (Continued)

(i) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year (2023: Nil).

(ii) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2024, the Group did not pay consideration to any third parties for making available directors' services (2023: Nil).

(iii) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by and entities connected with such directors

As at 31 December 2024, there were no loans, quasi-loans and other dealing arrangements in favour of directors, bodies corporate controlled by and entities connected with such directors (2023: Nil).

(iv) Directors' material interests in transactions, arrangements or contracts

Save as disclosed in note 26 and note 34, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: same).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest for the year include four (2023: four) directors whose emoluments are reflected in the analysis shown in note 9(a). The emoluments payable to the remaining one individual for the year ended 31 December 2024 are as follows:

	2024 HK$'000	2023 HK$'000
Salaries and allowances	683	632
Discretionary bonus	131	10
Retirement benefit costs	18	18
	832	660

The emoluments fell within the following band:

	Number of individual	
	2024	2023
HK$0 – HK$1,000,000	1	1

10 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 (note 34(a))	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	30,676	33,787

For the year ended 31 December 2024, direct operating expenses arising from investment properties that generated rental income and did not generate rental income were 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.

Notes:

(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 costs of HK$7,012,000 (2023: HK$7,508,000) was recognised. Please refer to note 7 for the details.

11 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 (note 16)	(735)	(893)
	(23,396)	(22,748)
Finance costs, net	(16,029)	(16,180)

12 INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
Current income tax:		
Hong Kong profits tax	5,461	5,928
Deferred income tax (note 18)	(2,182)	1,713
	3,279	7,641

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.

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Hong Kong profits tax rate as follows:

	2024 HK$'000	2023 HK$'000
(Loss)/profit before income tax	(23,362)	5,946
Calculated at a taxation rate of 16.5% (2023: 16.5%)	(3,855)	981
Income not subject to taxation	(1,216)	(2,892)
Recognition of previously unrecognised deductible temporary differences	(550)	–
Expenses not deductible for taxation purposes	8,894	5,065
Write-down of deferred tax assets	–	4,639
Others	6	(152)
Income tax expense	3,279	7,641

13 DIVIDEND

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

14 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)	(26,043)	(733)
Weighted average number of shares for the calculation of basic and diluted loss per share (thousands)	1,805,283	1,805,283
Basic loss per share (HK cents)	(1.443)	(0.041)
Diluted loss per share (HK cents)	(1.443)	(0.041)

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.

15 PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicle HK$'000	Total HK$'000
At 1 January 2024					
Cost	11,952	4,043	27,565	507	44,067
Accumulated depreciation	(7,546)	(3,722)	(25,565)	(296)	(37,129)
Net book amount	4,406	321	2,000	211	6,938
Year ended 31 December 2024					
Opening net book amount	4,406	321	2,000	211	6,938
Additions	71	21	4,098	–	4,190
Depreciation charge	(3,331)	(165)	(944)	(127)	(4,567)
Closing net book amount	1,146	177	5,154	84	6,561
At 31 December 2024					
Cost	10,527	4,064	31,663	507	46,761
Accumulated depreciation	(9,381)	(3,887)	(26,509)	(423)	(40,200)
Net book amount	1,146	177	5,154	84	6,561
At 1 January 2023					
Cost	11,599	4,002	27,357	507	43,465
Accumulated depreciation	(7,093)	(3,512)	(24,413)	(169)	(35,187)
Net book amount	4,506	490	2,944	338	8,278
Year ended 31 December 2023					
Opening net book amount	4,506	490	2,944	338	8,278
Additions	3,694	41	208	–	3,943
Depreciation charge	(3,794)	(210)	(1,152)	(127)	(5,283)
Closing net book amount	4,406	321	2,000	211	6,938
At 31 December 2023					
Cost	11,952	4,043	27,565	507	44,067
Accumulated depreciation	(7,546)	(3,722)	(25,565)	(296)	(37,129)
Net book amount	4,406	321	2,000	211	6,938

16 LEASES

This note provides information for leases where the Group is a leasee.

(i) Amounts recognised in the consolidated balance sheet

	2024 HK$'000	2023 HK$'000
Right-of-use assets		
Properties leased for own use	10,017	22,839
Lease liabilities		
Current	9,495	16,061
Non-current	1,354	8,799
	10,849	24,860

Additions to the right-of-use assets during the year ended 31 December 2024 were HK$4,255,000 (2023: HK$9,632,000).

(ii) Amounts recognised in the consolidated income statement

	2024 HK$'000	2023 HK$'000
Depreciation of right-of-use assets		
Properties leased for own use	(17,077)	(23,962)
Expenses relating to shot term lease (included in operating lease charges in respect of shop premise)	(550)	(163)
Interest expense	(735)	(893)

The total cash outflow for leases during the year ended 31 December 2024 was HK$19,551,000 (2023: HK$25,194,000).

17 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 (note 27)	–	(27,000)
Closing net book amount	952,900	1,006,800

Investment properties of HK$852,900,000 (2023: HK$898,200,000) are pledged as security for the Group's bank borrowings (note 24).

Valuation

The Group engages an independent qualified professional valuer to determine the fair value of the Group's investment properties at least once every six months, in line with the Group's interim and annual reporting dates. Valuation assumptions, major inputs to independent valuation report and valuation results are discussed with the independent valuer.

As at 31 December 2024, valuations were undertaken by Jones Lang LaSalle Limited, an independent qualified professional valuer. The valuer has appropriate professional qualifications and recent experience in the valuation of similar properties in the relevant locations. Fair values of investment properties are generally derived using the income capitalisation method and direct comparison method, wherever appropriate. Income capitalisation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject properties and other comparable properties. Direct comparison method is based on sales prices of comparable properties in close proximity which are adjusted for differences in key attributes such as size, floor level, layout, view, frontage and accessibility etc.

As at 31 December 2024 and 2023, all investment properties are included in level 3 in the fair value hierarchy.

The Group's policy is to recognise transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer. There were no changes to the valuation techniques and transfers among the fair value hierarchy during the year.

17 INVESTMENT PROPERTIES (Continued)

Valuation (Continued)

Information about fair value measurements using significant unobservable inputs:

Office, industrial units and serviced apartments:

	Range of significant unobservable inputs		
Valuation method	Prevailing market rent per month	Unit price	Capitalisation rate
Income capitalisation	HK$25.3 to HK$35.3 per square foot (saleable) (2023: HK$27.6 to HK$37.3 per square foot (saleable))	N/A	3.00% to 3.50% (2023: 2.90% to 3.45%)
Direct comparison	N/A	HK$4,102 to HK$40,900 per square foot (saleable) (2023: HK$4,280 to HK$43,200 per square foot (saleable))	N/A

Shops:

	Range of significant unobservable inputs	
Valuation method	Prevailing market rent per month	Capitalisation rate
Income capitalisation	HK$34.4 to HK$238.0 per square foot (saleable) (2023: HK$32.6 to HK$250.0 per square foot (saleable))	2.10% to 3.30% (2023: 1.85% to 3.20%)

Direct comparison method is used for the car parks' valuation, the range of the unit price (significant unobservable input) as at 31 December 2024 are from HK$1,600,000 to HK$2,000,000 (as at 31 December 2023: HK$1,600,000 to HK$2,000,000).

Prevailing market rents are estimated based on qualified valuer's view of recent lettings, within the subject properties and other comparable properties. The higher the rents, the higher the fair value.

Capitalisation rates are estimated by qualified valuer based on the risk profile of the properties being valued. The lower the rates, the higher the fair value.

18 DEFERRED INCOME TAX

	2024 HK$'000	2023 HK$'000
Deferred income tax assets	13,582	10,541
Deferred income tax liabilities	(9,165)	(8,071)
	4,417	2,470

The net movements on the deferred income tax assets/(liabilities) are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	2,470	3,713
Recognised in the consolidated income statement (note 12)	2,182	(1,713)
Recognised in the consolidated statement of comprehensive income	(235)	–
Derecognised upon disposal of a subsidiary (note 27)	–	470
At 31 December	4,417	2,470

The movements in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets

	Tax losses		Decelerated tax depreciation		Provision		Others		Total	
	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000	2024 HK$'000	2023 HK$'000
At 1 January	10,012	12,729	1,304	616	657	426	–	–	11,973	13,771
Recognised in the consolidated income statement	3,284	(2,717)	(210)	688	(204)	231	550	–	3,420	(1,798)
Recognised in the consolidated statement of comprehensive income	–	–	–	–	–	–	(235)	–	(235)	–
At 31 December	13,296	10,012	1,094	1,304	453	657	315	–	15,158	11,973

18 DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	Accelerated tax depreciation	
	2024 **HK$'000**	2023 HK$'000
At 1 January	(9,503)	(10,058)
Recognised in the consolidated income statement	(1,238)	85
Derecognised upon disposal of a subsidiary (note 27)	–	470
At 31 December	(10,741)	(9,503)

Deferred income tax assets are recognised for tax losses carry forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$10,240,000 (2023: HK$10,240,000) in respect of losses amounting to HK$62,061,000 (2023: HK$62,061,000) as at 31 December 2024. These tax losses can be carried forward indefinitely.

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2024 **HK$'000**	2023 HK$'000
Deferred income tax assets		
– Recoverable after more than twelve months	13,582	10,541
Deferred income tax liabilities		
– Payable or settle after more than twelve months	(9,165)	(8,071)

19 TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables	110,796	106,450
Less: loss allowance	(30,172)	(41,612)
Trade receivables, net	80,624	64,838
Other receivables, prepayments and deposits	33,563	24,800
	114,187	89,638

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, based on due date, 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	–
	80,624	64,838

Trade receivables of HK$6,301,000 (2023: HK$4,741,000) are past due but not impaired.

Further details on the Group's credit policy and impairment policy and credit risk arising from trade receivables are set out in note 4(a)(i).

The Group's maximum exposure to credit risk is the carrying amounts of trade and other receivables.

The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

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

Trade and other receivables expected to be recovered after more than one year is HK$5,215,000 (2023: HK$10,694,000). The remaining balance is expected to be recovered within one year.

20 LOAN RECEIVABLES

	2024 HK$'000	2023 HK$'000
Loan receivables – property mortgage loans	252,678	333,710
Less: loss allowance	(1,614)	–
Loan receivables, net	251,064	333,710

Movements on the Group's impairment losses on loan receivables are as follows:

	2024 HK$'000	2023 HK$'000
At beginning of the year	–	–
Impairment losses on loan receivables (Note 4(a)(i))	1,614	–
At end of the year	1,614	–

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
	251,064	333,710

Loan receivables represent property mortgage loans granted to customers in Hong Kong. Loan receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Details on the Group's credit policy and impairment policy and credit risk arising from loan receivables are set out in note 4(a)(i).

The Group holds properties located in Hong Kong as collateral for property mortgage loans.

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

21 CASH AND CASH EQUIVALENTS

	2024 HK$'000	2023 HK$'000
Cash at banks and on hand	78,616	35,801
Short-term bank deposits	207,382	183,380
	285,998	219,181

22 SHARE CAPITAL AND PREMIUM

	Number of issued shares (HK$0.10 each)	Nominal value HK$'000	Share premium HK$'000	Total HK$'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,805,282,608	180,528	745,086	925,614

The total authorised number of ordinary shares is 5 billion shares (2023: 5 billion shares) with a nominal value of HK$0.10 per share. All issued shares are fully paid.

23 RESERVES

	Merger reserve HK$'000 (note (a))	Capital reserve HK$'000 (note (b))	Employee benefits reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2023	(559,073)	14,918	3,390	749,287	208,522
Loss for the year	–	–	–	(733)	(733)
Other comprehensive income					
Remeasurement of post-employment benefit obligation	–	–	–	24	24
Transaction with owners					
Share option scheme – value of employee services	–	–	18	–	18
At 31 December 2023	(559,073)	14,918	3,408	748,578	207,831
At 1 January 2024	(559,073)	14,918	3,408	748,578	207,831
Loss for the year	–	–	–	(26,043)	(26,043)
Other comprehensive income					
Remeasurement of post-employment benefit obligation	–	–	–	1,191	1,191
At 31 December 2024	(559,073)	14,918	3,408	723,726	182,979

Notes:

(a) Merger reserve represents the difference between the net asset value of subsidiaries acquired and the consideration paid totaling HK$640,000,000 pursuant to the group reorganisation on 6 June 2007.

(b) Capital reserve represents the difference between the nominal value of the ordinary share issued by the Company and the aggregate of the share capital and share premium of subsidiaries acquired through an exchange of shares pursuant to the group reorganisation on 28 February 2001.

24 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
	373,044	384,225
Categorised as:		
Current portion	146,006	109,356
Non-current portion	227,038	274,869
	373,044	384,225

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 17) and corporate guarantee given by the Company.

For the bank borrowings, the fair values are not materially different to their carrying amounts, since the interest payables on the bank borrowings are close to current market rates.

The Group has the following undrawn borrowing facilities:

	2024 HK$'000	2023 HK$'000
Floating rates		
Expiring within one year	73,000	135,000

25 TRADE AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Commissions and rebate payables	72,595	71,130
Other payables and accruals	50,494	56,315
Defined benefit obligation	4,265	5,023
	127,354	132,468
Categorised as:		
Current portion	122,156	125,581
Non-current portion	5,198	6,887
	127,354	132,468

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.

As at 31 December 2024 and 2023, the Group's defined benefit obligation are determined based on the actuarial valuation prepared by an independent qualified professional actuary, using the projected unit credit method.

Movements in the present value of the defined benefit obligation are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	5,023	4,594
Service costs	681	690
Interest costs	167	174
Actuarial gain	(1,426)	(24)
Benefit paid	(180)	(411)
At 31 December	4,265	5,023

25 TRADE AND OTHER PAYABLES (Continued)

The significant actuarial assumptions used are as follows:

	2024	2023
Discount rate	3.9%	3.4%
Expected rate of salary increase	2.5%	2.5%

The sensitivity analysis of the defined benefit obligation to changes in the significant actuarial assumptions is as follows:

	2024		2023	
	Change to adopted rate	**Effect on defined benefit obligation**	Change to adopted rate	Effect on defined benefit obligation
Discount rate	+0.5%/–0.5%	–4.8%/+5.2%	+0.5%/–0.5%	–4.8%/+5.1%
Expected rate of salary increase	+0.5%/–0.5%	+3.3%/–3.3%	+0.5%/–0.5%	+1.1%/–1.2%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant.

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

Trade and other payables expected to be settled after more than one year is HK$8,507,000 (2023: HK$10,757,000). The remaining balance is expected to be settled within one year.

26 AMOUNTS DUE TO NON-CONTROLLING INTERESTS

The amounts are unsecured, interest free, repayable on demand and represent amount due to Ms. WONG Ching Yi, Angela.

27 DISPOSAL OF A SUBSIDIARY

In May 2023, the Group completed the disposal of 100% of the entire issued shares of Bright Eastern Limited. The principal asset of this company is the entire interest in a property located at Shop No. 6 on Ground Floor, Cambridge Court, Nos. 84A-84H & 84J-84M Waterloo Road, Kowloon, Hong Kong.

The net assets disposed of at the completion date are analysed as follows:

	HK$'000
Investment property (note 17)	27,000
Other receivable, prepayment and deposit	11
Other payables and accruals	(398)
Tax payable	(665)
Deferred income tax liabilities	(470)
Net assets disposed of	25,478
Gain on disposal of subsidiary (note 7)	6,970
Total consideration	32,448
Satisfied by:	
– cash	32,448

28 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In December 2024, Ruby Hill Ventures Limited, a subsidiary of the Company, entered into sale and purchase agreement with a non-controlling interest, to purchase 5 shares of Powerful Surge Group Limited and the shareholder's loan at a consideration of approximately HK$2.9 million. The transaction was completed on 31 December 2024.

As a result of this transaction, the Group's equity interest in Powerful Surge Group Limited increased from 90.7% to 95.3%.

	2024 HK$'000
Carrying amount of non-controlling interest acquired	2,715
Amount due to non-controlling interest	210
Consideration paid to non-controlling interest	(2,925)
Excess of consideration paid	–

29 SHARE-BASED BENEFITS

On 18 June 2020, the Company adopted a share option scheme (the "Share Option Scheme"). The Share Option Scheme became effective on 18 June 2020 and will remain in force for a period of ten years from the date of adoption.

The principal purposes of the Share Option Scheme are to enable the Group to recruit and retain high calibre participants and attract human resources that are valuable to the Group, to recognise the contributions of the participants to the growth of the Group by rewarding them with opportunities to obtain ownership interest in the Company, and to motivate and to give incentives to the participants to continue to contribute to the long term success and prosperity of the Group.

The maximum number of shares issued and to be issued upon exercise of the options granted to each participant under the Share Option Scheme and any other share option scheme(s) of the Company (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue.

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme(s) of the Company to each participant who is a substantial shareholder or an independent non-executive director of the Company or any of their respective associates, in any 12-month period shall not exceed 0.1% of the total number of shares of the Company in issue and the aggregate value which based on the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of each grant shall not exceed HK$5,000,000.

Any further grant of options in excess of the aforesaid limits shall be separately approved by the shareholders of the Company with all core connected persons, within the meaning as ascribed under the the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), of the Company abstaining from voting in favour at such general meeting.

The exercise price of an option to subscribe for shares granted under the Share Option Scheme shall be a price solely determined by the board of directors of the Company and notified to a participant and shall be at least the highest of:

(i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the offer date;

(ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and

(iii) the nominal value of a share of the Company.

In January 2022, 54,000,000 share options were granted to certain directors of the Company under the Share Option Scheme. Each option gives the holders the right to subscribe for one ordinary share of the Company. A consideration of HK$1 from each of the grantees was received. These share options vested on 3 January 2023, and would be exercisable for a period of 7 years from 3 January 2023 to 2 January 2030 (both days inclusive).

29 SHARE-BASED BENEFITS (Continued)

The fair value of each share option granted was estimated on the date of grant using the Hull White Trinomial Model with the following assumptions:

Share price at date of grant	:	HK$0.128
Exercise price	:	HK$0.128
Option life	:	8 years
Expected volatility	:	49.63%
Expected dividend yield	:	0.00%
Risk-free rate	:	1.286%
Exercise multiple	:	2.80x

The expected volatility is based on the 2015-day historical volatility of the Company's share price as at the valuation date.

Based on the above assumptions, the estimated fair value of each share option was HK$0.0631. Any changes in the parameters may materially affect the estimation of the fair value of a share option.

For the year ended 31 December 2023, the Group had recognised share-based benefits expenses of HK$18,000 in the consolidated income statement.

(i) Terms of unexpired and unexercised share options at balance sheet date:

Share options outstanding at the end of the years have the following exercisable period and exercise prices:

Exercisable period	Exercise price per share	Number of options	
	HK$	**2024**	2023
3 January 2023 to 2 January 2030	0.128	54,000,000	54,000,000

(ii) Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2024		2023	
	Weighted average exercise price per share HK$	**Number of options**	Weighted average exercise price per share HK$	Number of options
At 1 January and 31 December	0.128	54,000,000	0.128	54,000,000

As at 31 December 2024 and 2023, all options are exercisable.

There is no share options granted, lapsed, cancelled or exercised during the year ended 31 December 2024.

There was no share options granted, lapsed, cancelled or exercised during the year ended 31 December 2023.

The options outstanding as at 31 December 2024 had a weighted average remaining contractual life of 5 years (2023: 6 years).

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of operating (loss)/profit to net cash generated from operations

	2024 HK$'000	2023 HK$'000
Operating (loss)/profit	(7,333)	22,126
Depreciation of right-of-use assets (note 16 (ii))	17,077	23,962
Depreciation of property and equipment (note 15)	4,567	5,283
Net impairment losses on financial assets	6,461	10,362
Fair value loss on investment properties (note 17)	53,900	26,700
Gain on disposal of a subsidiary (note 7)	–	(6,970)
Share-based benefits (note 8)	–	18
Operating profit before working capital changes	74,672	81,481
Change in trade and other receivables	(29,396)	25,239
Change in loan receivables	81,032	28,660
Change in trade and other payables	(3,688)	(40,131)
Net cash generated from operations	122,620	95,249

(b) Debt reconciliation

This section sets out the movements in debt for the year.

	Bank borrowings HK$'000	Non-controlling interests HK$'000	Lease liabilities HK$'000	Total HK$'000
Net debt as at 1 January 2023	449,951	420	39,366	489,737
Cash flows	(65,726)	–	(24,138)	(89,864)
Other net non-cash movements	–	–	9,632	9,632
Net debt as at 31 December 2023 and 1 January 2024	384,225	420	24,860	409,505
Cash flows	(11,181)	(2,925)	(18,266)	(32,372)
Other net non-cash movements	–	2,715	4,255	6,970
Net debt as at 31 December 2024	373,044	210	10,849	384,103

31 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.

32 FUTURE LEASE RENTAL RECEIVABLE

The Group had future minimum lease rental receivable under non-cancellable operating leases as follows:

	2024 HK$'000	2023 HK$'000
Within one year	13,855	13,531
Between one year and five years	5,250	8,170
	19,105	21,701

33 CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 December 2024 and 2023.

34 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group had the following significant transactions with related parties during the year and balances with related parties at the balance sheet date:

(a) Transactions with related parties

	Note	2024 HK$'000	2023 HK$'000
Agency fee income from referral of property agency transactions to related companies		30,604	13,531
Agency fee income from provision of agency services to related companies		45	676
Agency fee income from related companies	(i)	30,649	14,207
Rental income from related companies	(ii)	2,362	2,798
Rebates to related companies	(iii)	(31,797)	(38,452)
Trademark licensing fee to a related company	(iv)	(1,203)	(1,325)
Management fee expenses to a related party	(v)	(792)	(768)

Notes:

(i) Agency fee income from related companies include agency fee from referral of property agency transactions to related companies and property agency services provided to related companies on terms mutually agreed by both parties.

(ii) The Group entered into lease agreements with related companies on terms mutually agreed by both parties.

(iii) Rebates to related companies represent rebates for property agency transactions referred by related companies on terms mutually agreed by both parties.

(iv) Trademark licensing fee to a related company on terms mutually agreed by both parties.

(v) Management fee expenses to a company of which Mr. WONG King Yip, Freddie ("Mr. WONG"), a director and controlling shareholder of the Company as defined under the Listing Rules, is the beneficial owner, for the provision of administration services on terms mutually agreed by both parties.

In addition to the above, the Group shared administrative and corporate service fees on a cost basis with an aggregate amount of HK$21,608,000 with related companies (2023: HK$19,506,000).

34 SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(b) During the year ended 31 December 2023, the Group entered into a lease with a company, of which Mr. WONG is the beneficial owner, on terms mutually agreed by both parties. At the commencement date of the lease, the Group recognised right-of-use asset of HK$4,770,000.

During the year ended 31 December 2024, lease payments to certain companies, of which Mr. WONG is the beneficial owner, under certain leases were HK$2,520,000 (2023: HK$3,363,000).

(c) The balances with related companies and parties included in trade and other receivables, trade and other payables and lease liabilities are as follows:

	2024 HK$'000	2023 HK$'000
Trade and other receivables		
Amounts due from related companies	18,066	7,908
Trade and other payables		
Amounts due to related companies	(29,477)	(26,205)
Lease liabilities		
Amounts due to other related parties (note 34(b))	(834)	(3,241)

The related companies referred in notes 34(a) and 34(c) represent the subsidiaries of Midland Holdings Limited ("Midland"). Mr. WONG is also the director and controlling shareholder of Midland.

(d) Key management compensation

	2024 HK$'000	2023 HK$'000
Fees, salaries, allowances and incentives	10,246	10,580
Share-based benefits	–	18
Retirement benefit costs	54	54
	10,300	10,652

The amount represents emolument paid or payable to the Executive Directors of the Company for the year.

The significant related party transactions under this note constitute connected transactions or continuing connected transactions under the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected Transactions" and "Continuing Connected Transactions" of the Report of the Directors.

35 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 December 2024 HK$'000	 2023 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries		330,809	330,809
Current assets			
Amounts due from subsidiaries		765,836	764,259
Other receivables, prepayments and deposits		2,312	2,320
Tax recoverable		13	476
Cash and cash equivalents		725	49
		768,886	767,104
Total assets		1,099,695	1,097,913
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		180,528	180,528
Share premium		745,086	745,086
Reserves	(a)	169,845	168,531
Total equity		1,095,459	1,094,145
LIABILITIES			
Current liabilities			
Other payables and accruals		4,236	3,768
Total liabilities		4,236	3,768
Total equity and liabilities		1,099,695	1,097,913

The balance sheet of the Company was approved by the Board of Directors on 31 March 2025 and was signed on its behalf.

WONG Ching Yi, Angela
Director

WONG Alexander Yiu Ming
Director

35 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Note (a) Reserve movement of the Company

	Contributed surplus HK$'000	Employee benefit reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2023	2,509	3,390	161,366	167,265
Profit for the year	–	–	1,248	1,248
Transaction with owners				
Share option scheme				
– value of employee services	–	18	–	18
At 31 December 2023	2,509	3,408	162,614	168,531
At 1 January 2024	2,509	3,408	162,614	168,531
Profit for the year	–	–	1,314	1,314
At 31 December 2024	2,509	3,408	163,928	169,845

Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of a subsidiary acquired through an exchange of shares pursuant to group reorganisation on 28 February 2001.

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES

Company name	Place of incorporation/ establishment	Issued/registered and paid up capital	Principal activities and place of operation	Interest held (%) 2024	Interest held (%) 2023
Century Hover Limited	British Virgin Islands	1 share of US$1	Property investment in Hong Kong	95.3	90.7
Champion Shine International Limited	Hong Kong	100 shares	Property investment in Hong Kong	95.3	90.7
Dragon Magic Investments Limited	Hong Kong	2 shares	Property investment in Hong Kong	95.3	90.7
Dynasty Worldwide Limited	Hong Kong	1 share	Property investment in Hong Kong	100	100
Evergold Development Limited	Hong Kong	1 share	Property investment in Hong Kong	100	100
Gain Capital (H.K.) Limited	Hong Kong	1 share	Securities investment in Hong Kong	100	100

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Company name	Place of incorporation/ establishment	Issued/registered and paid up capital	Principal activities and place of operation	Interest held (%) 2024	Interest held (%) 2023
Gainwell Group Limited (note 1)	British Virgin Islands	1 share of US$1	Investment holding in Hong Kong	100	100
Glorious Success Global Limited	British Virgin Islands	1 share of US$1	Property investment in Hong Kong	95.3	90.7
Gold Concord Enterprises Limited	Hong Kong	1 share	Property investment in Hong Kong	100	100
Gold Empire International Limited	Hong Kong	1 share	Property investment in Hong Kong	100	100
Grand Win (H.K.) Limited	Hong Kong	1 share	Property investment in Hong Kong	100	100
Harvest Dynamic Limited	Hong Kong	1 share	Property investment in Hong Kong	100	100
Ketanfall Group Limited (note 1)	British Virgin Islands	14 shares of US$1 each	Investment holding in Hong Kong	100	100
Leader Concord Limited	Hong Kong	2 shares	Provision of management services to the group companies in Hong Kong	100	100
Leading Best Limited (note 1)	British Virgin Islands	1 share of US$1	Investment holding in Hong Kong	100	100
Legend Credit Limited	Hong Kong	1 share	Money lending business in Hong Kong	100	100
Midland IC&I Surveyors Limited	Hong Kong	1 share	Provision of surveying services in Hong Kong	100	100
Midland IC&I Treasury Services Limited	Hong Kong	1 share	Provision of treasury services to the group companies in Hong Kong	100	100
Midland Realty (Comm. & Ind. II) Limited	Hong Kong	1 share	Property agency in Hong Kong	100	100

36 PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Company name	Place of incorporation/ establishment	Issued/registered and paid up capital	Principal activities and place of operation	Interest held (%) 2024	Interest held (%) 2023
Midland Realty (Comm. & Ind. III) Limited	Hong Kong	1 share	Property agency in Hong Kong	100	100
Midland Realty (Comm.) Limited	Hong Kong	500,000 shares	Property agency in Hong Kong	100	100
Midland Realty (Shops II) Limited	Hong Kong	1 share	Property agency in Hong Kong	100	100
Most Wealth (Hong Kong) Limited	Hong Kong	3 shares	Property investment in Hong Kong	100	100
Power Kingdom International Limited	Hong Kong	1 share	Property investment in Hong Kong	100	100
Powerful Surge Group Limited	British Virgin Islands	107 shares of US$1 each	Investment holding in Hong Kong	95.3	90.7
Princeton Residence (HK) Limited	Hong Kong	1 share	Serviced apartment operation in Hong Kong	100	100
Queenswick Development Limited	Hong Kong	1 share	Property investment in Hong Kong	100	100
Ruby Hill Ventures Limited (note 1)	British Virgin Islands	1 share of US$1	Investment holding in Hong Kong	100	100
Shine Treasure Holdings Limited	British Virgin Islands	1 share of US$1	Property investment in Hong Kong	95.3	90.7
Sino Hover Limited	British Virgin Islands	1 share of US$1	Property investment in Hong Kong	95.3	90.7
Supreme Gold Development Limited	Hong Kong	1 share	Property investment in Hong Kong	100	100
Teamway Group Limited	British Virgin Islands	1 share of US$1	Property investment in Hong Kong	100	100
Well Lucky International Limited	Hong Kong	1 share	Property investment in Hong Kong	100	100
Wise Stand Limited	Hong Kong	10,000 share	Property investment in Hong Kong	100	100

Note 1:

The subsidiaries are directly held by the Company.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Subsidiaries

The consolidated financial statements of the Group include the financial statements of the company and its subsidiaries made up to 31 December.

(i) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Inter-company transactions, balances and unrealised gain on transactions between group companies are eliminated. Unrealised loss is also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in consolidated statement of comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated statement of comprehensive income are reclassified to the consolidated income statement.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

(a) Subsidiaries (Continued)

(ii) Separate financial statements

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment. The results of subsidiaries are accounted for by the Company on the basis of dividend income.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Hong Kong dollars, which is the company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at exchange rates ruling at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

(iii) Group companies

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

– income and expenses for each statement of comprehensive income are translated at average exchange rates; and

– all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is partially disposed or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at the balance sheet date.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(e) Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

Depreciation of property and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold improvements	Over the period of lease
Furniture and fixtures	4 years
Office equipment	4 years
Motor vehicle	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gain and loss on disposals are determined by comparing proceeds with carrying amount and are recognised within other operating costs, in the consolidated income statement.

(f) Impairment of investments in subsidiaries and non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

(g) Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the financial year. They are recognised initially at their fair values and subsequently measured at amortised cost using the effective interest method.

(i) Share capital

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity.

(j) Leases

The Group leases various properties including offices and shop premises. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and the corresponding liabilities at the dates at which the leased assets are available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for lease of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

(j) Leases (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing; and

- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;

- any lease payments made at or before the commencement date less any lease incentives received;

- any initial direct costs; and

- any restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

All leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

Lease modification is a change in the scope of a lease, or the consideration for a lease, that was not part of its original terms and conditions. After the commencement date, the Group remeasures the lease liability to reflect any lease modification using the interest rate implicit in the lease for the remainder of the lease term. If that rate cannot be determined, the lessee's incremental borrowing rate at the effective date of the lease modification is used.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

(k) Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable profit amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(l) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the note to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

37 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (Continued)

(m) Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

(n) Dividend distribution

Dividend distribution is recognised as a liability in the consolidated financial statements in the financial period in which the dividends are approved by the shareholders or directors, as appropriate.

List of Investment Properties

Location	Lot number	Existing use	Lease term	Group's interest
21/F, Ford Glory Plaza Nos. 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon	NKIL2828	Office	Medium	100%
Car Park P19 2/F, Ford Glory Plaza, Nos. 37-39 Wing Hong Street, Cheung Sha Wan, Kowloon	NKIL2828	Carpark	Medium	100%
Nos. 33 and 35 Java Road, North Point, Hong Kong	IL6828 and IL6829	Commercial	Medium	100%
5/F, LMK Development Estate, Nos. 10-16 Kwai Ting Road, Kwai Chung, New Territories	KCTL139	Industrial	Medium	95.3%
6/F, LMK Development Estate, Nos. 10-16 Kwai Ting Road, Kwai Chung, New Territories	KCTL139	Industrial	Medium	95.3%
7/F, LMK Development Estate, Nos. 10-16 Kwai Ting Road, Kwai Chung, New Territories	KCTL139	Industrial	Medium	95.3%
8/F, LMK Development Estate, Nos. 10-16 Kwai Ting Road, Kwai Chung, New Territories	KCTL139	Industrial	Medium	95.3%
12/F, LMK Development Estate, Nos. 10-16 Kwai Ting Road, Kwai Chung, New Territories	KCTL139	Industrial	Medium	95.3%
Car Parking Space Nos. 12, 13 and 14, G/F, LMK Development Estate, Nos. 10-16 Kwai Ting Road, Kwai Chung, New Territories	KCTL139	Carpark	Medium	95.3%
7/F, Kaiseng Commercial Centre, Nos. 4-6 Hankow Road, Tsim Sha Tsui, Kowloon	NKIL7703 and NKIL8184	Office	Medium	100%
8/F, Kaiseng Commercial Centre, Nos. 4-6 Hankow Road, Tsim Sha Tsui, Kowloon	NKIL7703 and NKIL8184	Office	Medium	100%
G/F and Open Yard and Cockloft thereof No. 49 Tai Ho Road, Tsuen Wan, New Territories	The remaining portion of Lot no. 2160 in D.D. 449	Shop	Medium	100%

Location	Lot number	Existing use	Lease term	Group's interest
Shop C (No. 280 Ma Tau Wai Road) on Ground Floor, On Chun Mansion, Nos. 278, 278A, 280 and 280A Ma Tau Wai Road, Kowloon	Section A and Section B of KIL2552	Shop	Long	100%
Flat D (No. 280A Ma Tau Wai Road) on Ground Floor, On Chun Mansion, Nos. 278, 278A, 280 & 280A Ma Tau Wai Road, Kowloon	Section A and Section B of KIL2552	Shop	Long	100%
Shop 3 on Ground Floor, Bijou Apartments, No. 157 Prince Edward Road West, Kowloon	The Remaining Portion of KIL9274	Shop	Medium	100%
Shop No. 8 (366 Des Voeux Road West) on G/F, Chung Ah Building, Nos. 352-358, 358A, 360, 360A & 362-366 Des Voeux Road West, Hong Kong	Section F of Marine Lot No. 204 Section F of Marine Lot No. 205 The Remaining Portion of Section E of Marine Lot No. 205	Shop	Long	100%
Ground Floor of No.192 Hai Tan Street, Kowloon	The Remaining Portion of NKIL147	Shop	Medium	100%
Shop A1B on Ground Floor, Tai Fu Building, Nos. 6-20 Tai Tsun Street, Nos. 129-137 Tai Kok Tsui Road, Cosmopolitan Estate, Kowloon	The Remaining Portion of Section N of Kowloon Marine Lot No. 28	Shop	Long	100%
Ground Floor and Cockloft, No. 224 Queen's Road West, Hong Kong	IL4393 and 4394	Shop	Long	100%
Shop D on Ground Floor, Wah Fat Mansion, Nos. 1M, 1N & 1P-1T Tung Choi Street, Kowloon	KIL6987, 6988, 6989, 6990, 6991, 6992 and 6993	Shop	Medium	100%

Five-Year Financial Summary

	Year ended 31 December				
	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
For the year					
Revenues	356,856	397,073	450,083	541,319	342,677
(Loss)/profit before income tax	(23,362)	5,946	(2,244)	62,607	(9,549)
(Loss)/profit attributable to equity holders of the Company	(26,043)	(733)	(3,689)	49,839	(7,275)
Cashflows					
Net cash inflow/(outflow) from operating activities	96,012	61,187	163	(101,689)	(15,572)
At year end					
Total assets	1,635,768	1,691,439	1,820,524	1,793,273	1,607,786
Total liabilities	524,460	551,966	679,398	655,409	519,806
Non-controlling interests	2,715	6,028	6,990	6,953	6,908
Total equity	1,111,308	1,139,473	1,141,126	1,137,864	1,087,980
Cash and cash equivalents	285,998	219,181	212,785	285,825	478,319
For the year					
Per share data	HK cents	HK cent	HK cent	HK cents	HK cent
Basic (loss)/earnings per share	(1.443)	(0.041)	(0.204)	2.761	(0.403)
Diluted (loss)/earnings per share	(1.443)	(0.041)	(0.204)	2.690	(0.403)

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