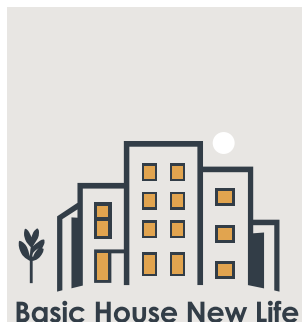


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Basic House New Life Group Limited

簡樸新生活集團有限公司

(formerly known as AL Group Limited 利駿集團(香港)有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8360)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors (the “Directors”) of Basic House New Life Group Limited (the “Company”, formerly known as AL Group Limited) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company and its subsidiaries (together, the “Group”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2024 increased by approximately 2.9% to HK\$65,667,000 (2023: approximately HK\$63,812,000).
- Loss attributable to the owners of the Company for the year ended 31 December 2024 amounted to approximately HK\$11,262,000 (2023: Loss of approximately HK\$15,857,000).
- Total equity attributable to owners of the Company as at 31 December 2024 was approximately -HK\$10,865,000 (2023: approximately HK\$6,000).
- Basic and diluted loss per share attributable to the owners of the Company for the year ended 31 December 2024 was approximately HK cents 3.13 and Nil respectively (2023: Basic and diluted loss per share attributable to the owners of the Company of approximately HK cents 4.40 and Nil respectively).
- The Board of directors does not recommend the payment of a dividend for the year ended 31 December 2024 (2023: Nil).

The board (the “Board”) of Directors announces the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024 together with the comparative audited figures for the proceeding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	65,667	63,812
Other income	5	1,694	1,316
Other gains/(losses), net	6	5,834	2,752
Subcontracting and materials costs		(46,583)	(48,550)
Employee benefit expenses		(17,345)	(20,177)
Rental expenses		(1,126)	(277)
Other expenses		(15,608)	(13,645)
Operating loss		(7,467)	(14,769)
Finance income		185	171
Finance costs	7	(3,136)	(1,885)
Share of profits/(losses) of associates		61	(1,122)
Loss before income tax		(10,357)	(17,605)
Income tax expense	8	(459)	(36)
Loss for the year		(10,816)	(17,641)
Profit/(loss) for the year attributable to:			
Owners of the Company		(11,262)	(15,857)
Non-controlling interests		446	(1,784)
Loss for the year		(10,816)	(17,641)

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Loss for the year		<u>(10,816)</u>	<u>(17,641)</u>
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Gain on change in fair value of financial assets at fair value through other comprehensive income		337	381
Item that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operation		<u>(31)</u>	<u>—</u>
Other comprehensive income for the year, net of tax		<u>306</u>	<u>381</u>
Total comprehensive expense for the year, net of tax		<u><u>(10,510)</u></u>	<u><u>(17,260)</u></u>
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		(10,956)	(15,476)
Non-controlling interests		<u>446</u>	<u>(1,784)</u>
		<u><u>(10,510)</u></u>	<u><u>(17,260)</u></u>
		2024 HK Cents	2023 <i>HK Cents</i>
Loss per share	<i>10</i>		
Basic		(3.13)	(4.40)
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		452	380
Right-of-use assets		–	556
Goodwill		7,688	–
Interests in associates		231	834
Financial assets at fair value through other comprehensive income		1,999	1,662
		10,370	3,432
Current assets			
Trade and other receivables	<i>11</i>	13,993	9,382
Loans and interest receivables		986	–
Financial assets at fair value through profit or loss		12,001	6,655
Contract assets		9,243	7,140
Amount due from non-controlling interest		5	5
Cash and cash equivalents		53,569	26,176
		89,797	49,358
Current liabilities			
Trade and other payables	<i>12</i>	19,933	17,221
Contract liabilities		1,777	1,050
Advance payments received from issue of convertible bonds		4,700	–
Amount due to a shareholder		2,078	1,975
Amounts due to non-controlling interests		–	758
Borrowings		3,575	5,160
Promissory note payable		518	–
Bonds payable	<i>13</i>	24,199	–
Contingent consideration payable		1,097	–
Income tax payable		453	36
		58,330	26,200
Net current assets		31,467	23,158
Total assets less current liabilities		41,837	26,590

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities			
Borrowings		–	1,575
Promissory note payable		–	463
Bonds payable	13	42,918	21,943
Convertible bond		3,259	2,905
Contingent consideration payable		6,380	–
		<u>(52,557)</u>	<u>(26,886)</u>
Net liabilities		<u>(10,720)</u>	<u>(296)</u>
Equity			
Share capital		36,027	36,027
Reserves		(46,892)	(36,021)
Equity attributable to owners of the Company		(10,865)	6
Non-controlling interests		145	(302)
Total equity		<u>(10,720)</u>	<u>(296)</u>

NOTES

1 GENERAL INFORMATION

Basic House New Life Group Limited (the “Company”, formerly known as AL Group Limited) was incorporated in the Cayman Islands on 1 February 2016 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company has established a place of business in Hong Kong located at Unit 204A, 2/F, Century Centre, 44-46 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

Pursuant to a special resolution passed at the extraordinary general meeting of the Company held on 19 November 2024, the Company changed its English name from “AL Group Limited” to “Basic House New Life Group Limited” and its dual foreign name in Chinese from “利駿集團(香港)有限公司” to “簡樸新生活集團有限公司” with effect from 25 November 2024.

The Company is an investment holding company and, together with its subsidiaries (collectively referred to as the “Group”), are principally engaged in the provision of interior design and fit out solutions services as well as overall project management and securities investment in Hong Kong.

The shares of the Company (the “Share(s)”) are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These consolidated financial statements are presented in Hong Kong Dollars (“HK\$”), unless otherwise stated.

2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) and by the Hong Kong Companies Ordinance.

Going concern basis

Notwithstanding that the Group incurred net losses approximately HK\$10,816,000 and HK\$17,641,000 for the years ended 31 December 2024 and 2023 respectively; and the total liabilities of the Group at 31 December 2024 exceed the Group’s total assets at that date by approximately HK\$10,720,000, the directors of the Company consider it appropriate for the preparation of the consolidated financial statements on a going concern basis for at least twelve months after the end of the reporting period after taking into account the following circumstances and measures:

- (a) The substantial shareholder of the Company, Mr. Lui Yu Kin, has agreed to provide loan to the extent of HK\$5,000,000 to the Company, if required, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.

- (b) The executive director and Chairman of the Company, Mr. Chan Hung Kai, has agreed to provide loan to the extent of HK\$5,000,000 to the Company, if required, to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.
- (c) The Group is implementing various measures, such as optimising its overall sales network and undergoing effective cost control to improve the profit margin and operating cash flows of its business.
- (d) The Group will also continue to seek for other alternative financing and bank borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least twelve months after 31 December 2024. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Material uncertainty regarding the Group's ability to operate as a going concern exists as to whether management of the Group will be able to achieve its plans and measures as described above. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their net realisable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

3 APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance arrangement

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

4 REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Design and fit out		
Design and fit out	60,098	62,213
Design	5	505
Maintenance and after sales services	1,246	1,094
	<u>61,349</u>	<u>63,812</u>
Others		
Consultancy fee income	4,318	–
	<u>4,318</u>	<u>–</u>
Total revenue	<u><u>65,667</u></u>	<u><u>63,812</u></u>
Disaggregated by time of revenue recognition		
within the scope of HKFRS 15		
Over time	64,416	62,213
At point in time	1,251	1,599
	<u>65,667</u>	<u>63,812</u>
	<u><u>65,667</u></u>	<u><u>63,812</u></u>

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

Specially, the Group’s reportable segments under HKFRS 8 Operating Segments are as follows:

- (i) Design and fit out services — provision of integrated interior design, fit out solutions and repair and maintenance services in Hong Kong.
- (ii) Securities investment — investment in equity securities listed in Hong Kong.

Segment revenue and results

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

For the year ended 31 December 2024

	Design and fit out <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>61,349</u>	<u>–</u>	<u>4,318</u>	<u>65,667</u>
Segment (loss)/profit	<u>(7,988)</u>	<u>3,047</u>	<u>1,171</u>	<u>(3,770)</u>
Finance income				185
Share of profits of associates				61
Unallocated other income				1,042
Unallocated other gains, net				5,118
Unallocated expenses				(9,878)
Finance costs				<u>(3,115)</u>
Loss before income tax				(10,357)
Income tax expense				<u>(459)</u>
Loss for the year				<u><u>(10,816)</u></u>

For the year ended 31 December 2023

	Design and fit out <i>HK\$'000</i>	Securities investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>63,812</u>	<u>–</u>	<u>–</u>	<u>63,812</u>
Segment loss	<u>(6,369)</u>	<u>(805)</u>	<u>–</u>	<u>(7,174)</u>
Finance income				171
Share of losses of associates				(1,122)
Unallocated other income				519
Unallocated other gains, net				2,759
Unallocated expenses				(11,612)
Finance costs				<u>(1,146)</u>
Loss before income tax				(17,605)
Income tax expense				<u>(36)</u>
Loss for the year				<u><u>(17,641)</u></u>

Segment revenue represents revenue from external customers. There were no inter-segment sales for the year ended 31 December 2024 (2023: Nil).

Segment profit/loss represents the profit earned by/loss from each segment without allocation of central administration costs, share of losses of associates and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

Segment assets

	2024 HK\$	2023 HK\$
Design and fit out	17,901	17,007
Securities investment	14,000	8,317
Others	1,173	–
	<hr/>	<hr/>
Total reportable segment assets	33,074	25,324
Unallocated assets	67,093	27,466
	<hr/>	<hr/>
Consolidated assets	100,167	52,790
	<hr/> <hr/>	<hr/> <hr/>

Segment liabilities

	2024 HK\$	2023 HK\$
Design and fit out	16,598	12,727
Securities investment	–	–
Others	243	–
	<hr/>	<hr/>
Total reportable segment liabilities	16,841	12,727
Unallocated liabilities	94,046	40,359
	<hr/>	<hr/>
Consolidated liabilities	110,887	53,086
	<hr/> <hr/>	<hr/> <hr/>

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

- all assets are allocated to operating segments other than certain property, plant and equipment, goodwill, interests in associates, amount due from non-controlling interest and cash and cash equivalents; and
- all liabilities are allocated to operating segments other than advance payments received from issue of convertible bonds, amount due to a shareholder, borrowings, bonds payable, promissory note payable, convertible bond and contingent consideration payable.

Other segment information

For the year ended 31 December 2024

	Design and fit out HK\$'000	Securities investment HK\$'000	Others HK\$'000	Unallocated HK\$'000	Total HK\$'000
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>					
Addition to non-current assets (Note)	171	–	137	20	328
Depreciation	795	–	29	77	901
Impairment loss on trade receivables, net recognised in profit or loss	961	–	78	–	1,039
Impairment loss on other receivables recognised in profit or loss	–	–	–	500	500
Impairment loss on contract assets recognised in profit or loss	1,155	–	–	–	1,155
Reversal of trade receivables previously written off	(201)	–	–	–	(201)
Gain on disposal of property, plant and equipment	–	–	–	–	–
<i>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:</i>					
Impairment of goodwill	–	–	–	306	306
Impairment of interests in associates	–	–	–	–	–
Share of profit of associates	–	–	–	(61)	(61)
Interest income	(47)	(138)	–	–	(185)
Interest expenses	–	–	–	–	–

Note: Non-current assets excluded goodwill.

For the year ended 31 December 2023

	Design and fit out HK\$'000	Securities investment HK\$'000	Others HK\$'000	Unallocated HK\$'000	Total HK\$'000
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>					
Addition to non-current assets (Note)	1,157	–	–	–	1,157
Depreciation	2,423	–	–	4	2,427
Impairment loss on trade receivables, net recognised in profit or loss	67	–	–	–	67
Impairment loss on other receivables recognised in profit or loss	–	–	–	–	–
Impairment loss on contract assets recognised in profit or loss	173	–	–	–	173
Reversal of trade receivables previously written off	–	–	–	–	–
Gain on disposal of property, plant and equipment	–	–	–	(600)	(600)
<i>Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:</i>					
Impairment of goodwill	–	–	–	–	–
Impairment of interests in associates	–	–	–	3,582	3,582
Share of losses of associates	–	–	–	1,122	1,122
Interest income	(60)	(111)	–	–	(171)
Interest expenses	–	–	–	–	–

Note: Non-current assets excluded goodwill.

Geographical information

The Group's geographical segments are classified according to the location of its customers. Segment revenue from external customers by location of customers during the year is as follows:

Revenue from external customers

	2024 HK\$'000	2023 HK\$'000
Hong Kong	<u>65,667</u>	<u>63,812</u>

Information about major customers

Revenue from individual customers contributing over 10% of the revenue of the Group is as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	12,436	N/A [#]
Customer B	<u>N/A*</u>	<u>7,359</u>

[#] The revenue from the customer A for the year ended 31 December 2023 did not exceed 10% of the total revenue of the Group for that year.

^{*} The revenue from the customer B for the year ended 31 December 2024 did not exceed 10% of the total revenue of the Group for that year.

Information about the Group's non-current assets by geographical location are detailed as below:

Non-current assets

	2024 HK\$'000	2023 HK\$'000
Hong Kong	8,264	1,770
The PRC, excluding Hong Kong	<u>107</u>	<u>—</u>
	<u>8,371</u>	<u>1,770</u>

Note: Non-current assets excluded financial assets at fair value through other comprehensive income.

5 OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Dividend income from equity investments		
— at fair value through other comprehensive income	169	109
— at fair value through profit or loss	323	35
	<u>492</u>	<u>144</u>
Sundry income	1,202	1,172
	<u>1,694</u>	<u>1,316</u>

6 OTHER GAINS/(LOSSES), NET

	2024 HK\$'000	2023 HK\$'000
Gain on change in fair value of financial assets at fair value through profit or loss	3,015	233
Gain on disposal of property, plant and equipment	—	600
Gain on disposal of subsidiaries	4,676	448
Gain on change in fair value of contingent consideration payable	942	—
Gain on deconsolidation of a subsidiary	—	5,293
Reversal of trade receivables previously written off	201	—
Impairment loss on goodwill	(306)	—
Impairment loss on interests in associates	—	(3,582)
Impairment loss on trade receivables, net	(1,039)	(67)
Impairment loss on other receivables	(500)	—
Impairment loss on contract assets	(1,155)	(173)
	<u>5,834</u>	<u>2,752</u>
Other gains, net	<u>5,834</u>	<u>2,752</u>

7 FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interests on:		
— amount due to a shareholder	131	39
— borrowings	319	907
— bonds payable	2,256	615
— promissory note payable	55	40
— convertible bond	354	202
— lease liabilities	21	82
	<u>3,136</u>	<u>1,885</u>

8 INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax		
Hong Kong profits tax	377	36
PRC enterprise income tax	82	—
	<u> </u>	<u> </u>
Income tax expense	<u>459</u>	<u>36</u>

Hong Kong profits tax of the current year has been provided at the rate of 16.5% on the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

At the end of the reporting period, the Group has unused tax losses of approximately HK\$16,571,000 (2023: HK\$17,263,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

9 DIVIDENDS

The Board of Directors does not recommend the payment of a dividend in respect of the year (2023: Nil).

10 LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2024	2023
Loss for the year attributable to owners of the Company (<i>in HK\$'000</i>)	(11,262)	(15,857)
Weighted average number of ordinary shares (<i>'000</i>)	360,274	360,274
Basic loss per share (<i>in HK cents</i>)	<u>(3.13)</u>	<u>(4.40)</u>

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to equity shareholders of the Company and the weighted average number of ordinary shares, as follows:

(i) Loss

	2024 HK\$'000	2023 HK\$'000
Loss for the purpose of basic loss per share	(11,262)	(15,857)
Adjustments for the calculation of diluted loss per share	<u>N/A</u>	<u>202</u>
Loss for the purpose of diluted loss per share	<u><u>N/A</u></u>	<u><u>N/A</u></u>

(ii) Weighted average number of ordinary shares

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	360,074	360,074
Effect of exercise of Share Option 2020	449	715
Effect of exercise of Share Option 2023	<u>–</u>	<u>5,643</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u><u>N/A</u></u>	<u><u>N/A</u></u>

The computation of diluted loss per share for the year ended 31 December 2024 does not assume the exercise of Share Option 2023 and the conversion of convertible bond as the exercise price of the Share Option 2023 and the conversion price of the convertible bond were both higher than the average market price for shares for 2024. The computation of diluted loss per share for the year ended 31 December 2024 does not assume the issue of ordinary shares from contingent consideration payable as the conditions to be satisfied for the issue of shares are not satisfied at the end of the reporting period.

The computation of diluted loss per share for the year ended 31 December 2023 does not assume the conversion of convertible bond as the conversion price of the convertible bond was higher than the average market price for shares for 2023.

Diluted loss per share for the years ended 31 December 2024 and 31 December 2023 are not presented as the effects arising from exercise of the Company's share options granted and the conversion of the convertible bond are anti-dilutive.

11 TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	8,213	2,863
Less: Provision for impairment of trade receivables	(1,218)	(179)
Trade receivables, net (<i>Note a</i>)	6,995	2,684
Prepayments, deposits and other receivables (<i>Note b</i>)	6,998	6,698
	<u>13,993</u>	<u>9,382</u>

Notes:

(a) Trade receivables

The carrying amounts of trade receivables are denominated in HK\$.

The Group does not grant credit term to customers. At 31 December 2024 and 2023, the ageing analysis of the trade receivables (after impairment loss recognised) based on invoice date were as follows:

	2024 HK\$'000	2023 HK\$'000
1–30 days	3,515	1,451
31–60 days	783	104
61–90 days	741	130
More than 90 days	1,956	999
	<u>6,995</u>	<u>2,684</u>

(b) Prepayments, deposits and other receivables

	2024 HK\$'000	2023 HK\$'000
Prepayments	2,828	91
Deposits and other receivables	4,170	6,607
	<u>6,998</u>	<u>6,698</u>

12 TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	11,110	5,083
Accrued employee benefit expenses	706	353
Accrued interest on amount due to a shareholder	187	56
Accrued interest on borrowings	602	283
Other accruals and payables	7,328	10,867
Lease liabilities	—	579
	<u>19,933</u>	<u>17,221</u>

The ageing analysis of the trade payables based on invoice date was as follows:

	2024 HK\$'000	2023 HK\$'000
Within 1 month	7,598	1,302
1 to 2 months	848	388
2 to 3 months	886	304
Over 3 months	1,778	3,089
	<u>11,110</u>	<u>5,083</u>

The trade payables are non-interest-bearing and are normally settled on terms of within 90 days.

13 BONDS PAYABLE

	2024 HK\$'000	2023 HK\$'000
Unsecured bonds payable		
— Within one year	24,199	—
— More than one year, but not exceeding two years	42,918	21,943
	<u>67,117</u>	<u>21,943</u>
Less: Amount shown under current liabilities	24,199	—
	<u>42,918</u>	<u>21,943</u>

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

CCTH CPA Limited, the independent auditor of the Company, expressed a qualified opinion on the Group's consolidated financial statements for the year ended 31 December 2024. The followings are the extracts from the independent auditor's report:

Qualified Opinion

In our opinion, except for the possible effects on the comparability of the current year's figures and the corresponding prior year's figures as described in the "Basis for Qualified Opinion" section of our report, 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.

Basic for Qualified Opinion

Comparability of the current year's figures and the corresponding prior year's figures

The consolidated financial statements of the Group for the year ended 31 December 2023 (the "2023 Consolidated Financial Statements") were audited by us and our report of qualified audit opinion on the 2023 Consolidated Financial Statements was issued on 28 March 2024, which include the following matters that we were unable to determine:

- (a) the existence, ownership, completeness, accuracy, valuation and classification of the assets and liabilities of ACE Architectural and Interior Design Limited ("ACE"), a former subsidiary of the Company, as at 8 November 2023 (the "ACE Deconsolidation Date").
- (b) the completeness, accuracy and classification of the income and expenses of ACE for the period from 1 January 2023 to the ACE Deconsolidation Date.
- (c) the gain on deconsolidation of ACE amounted to approximately HK\$5,293,000 recognised in the Group's consolidated statement of profit or loss and other comprehensive income for the prior year ended 31 December 2023, which was included in other gains/losses, net.

- (d) any adjustments to be made to (i) income and expenses of ACE for the period from 1 January 2023 to the ACE Deconsolidation Date, which were consolidated in the income and expenses of the Group for the prior year ended 31 December 2023, and (ii) gain on deconsolidation of ACE amounted to approximately HK\$5,293,000 (as referred in paragraph (c) above) as set out in the 2023 Consolidated Financial Statements.

Our opinion on the Group's consolidated financial statements for the current year ended 31 December 2024 is modified because of the possible effect of the aforementioned matters on the comparability of the current year's figures and the corresponding figures for the prior year ended 31 December 2023.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements, that the Group incurred net losses amounted to approximately HK\$10,816,000 and HK\$17,641,000 for each of the years ended 31 December 2024 and 31 December 2023 respectively and the total liabilities of the Group at 31 December 2024 exceed the Group's total assets at that date by approximately HK\$10,720,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In light of all the measures and arrangements detailed in note 2 to the consolidated financial statements, the directors are of the opinion that the Group will be able to finance its future working capital and financial requirements. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Basic House New Life Group Limited (formerly known as AL Group Limited) (the "Company") together with its subsidiaries (collectively referred to as the "Group"), principally derives its revenue from the following business arms: (i) Design and Fit Out Business, which provides integration of interior design, fit out solutions and repair and maintenance services in Hong Kong; and (ii) Securities Investment Business, which invests in equity securities listed in Hong Kong.

Design and Fit Out Business

The business was established in 1999 under the name of AL Design & Associates Limited ("AL Design"), which is a well-established interior design and fit out solutions provider in Hong Kong. The Group believes that its success is firmly rooted in its extensive experience and portfolio in interior design and fit out works as well as project management. The Group's services can be broadly categorised as (i) design and fit out and (ii) design only. In addition, the Group also provides maintenance and aftersales services which could cater for its customers' different requirements.

Securities Investment Business

The Group established the Securities Investment Business during the year ended 31 December 2023. The Group will keep seeking for opportunities of equity appreciation and cash flow return in the equity securities market listed in Hong Kong.

PROSPECTS

For the Design and Fit Out Business, the management of the Group (the “Management”) is committed to strengthen the customer base. The Group will continue to find new orders and customers. Because of the unstable economic condition, there was an adverse impact to the Group and accordingly, the Management will actively keep monitoring the performance of the Group, and will implement appropriate strategy in a timely manner. Despite the uncertainties, the Management still remains positive towards the Design and Fit Out Business in the long run.

The Group commenced the business of securities investment during the year ended 31 December 2023. The Board is optimistic on the prospects of the equity securities market listed in Hong Kong and considered that the new business will further enhance the Company’s financial performance as well as the value of the shareholders.

FINANCIAL REVIEW

Revenue

The Group’s revenue increased from approximately HK\$63.8 million for the year ended 31 December 2023 to approximately HK\$65.7 million for the year ended 31 December 2024, representing an increase of approximately 3.0%.

The following table sets forth the breakdowns of the revenue of the Group by segment for each of the year ended 31 December 2023 and 31 December 2024.

	Year ended 31 December			
	2024		2023	
	HK\$'000	%	HK\$'000	%
Design and Fit Out Business	61,349	93.4	63,812	100.0
Securities Investment Business	—	—	—	—
Others	4,318	6.6	—	—
	<u>65,667</u>	<u>100.0</u>	<u>63,812</u>	<u>100.0</u>

Cost of sales and services

The majority of the Group's cost of sales and services was raw material costs, labor and operating cost of design and fit out business. The Group's cost of sales and services decreased by approximately 4.1% to approximately HK\$46.6 million for the year ended 31 December 2024 as compared to the year ended 31 December 2023.

Expense

Selling and administrative expenses for the year ended 31 December 2024 was approximately HK\$34.1 million (2023: HK\$34.1 million).

Loss for the year

The loss for the year ended 31 December 2024 was approximately HK\$10.8 million. The loss for the year ended 31 December 2023 was approximately HK\$17.6 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 December 2024, the share capital and equity attributable to owners of the Company amounted to approximately HK\$36,027,000 and -HK\$10,865,000 respectively (2023: HK\$36,027,000 and HK\$6,000 respectively).

Cash position

As at 31 December 2024, the carrying amount of the Group's unpledged bank balances and cash was approximately HK\$53.6 million (2023: HK\$26.2 million), representing an increase of approximately 104.6% as compared to that of at 31 December 2023.

Gearing ratio

As at 31 December 2024, the gearing ratio, expressed as a percentage of interest-bearing debt, amount due to a shareholder, borrowings, bonds payable, promissory note payable, contingent consideration payable and convertible bond over total assets was approximately 83.9% (31 December 2023: 64.5%). The increase in gearing ratio was mainly resulted by the issuance of bonds during the Year. The management will timely monitor the financial position of the Group and deleverage the gearing when appropriate.

Exchange Rate Exposure

The Group's business operations are denominated mainly in Hong Kong dollars ("HK\$"). The Group's assets and liabilities are mainly denominated in HK\$. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks.

SIGNIFICANT INVESTMENTS HELD

As at 31 December 2024, the Group held approximately HK\$2.0 million and HK\$12.0 million of equity investments which were classified as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss respectively. Details of the significant listed equity investments are as follows:

					Approximate percentage to the interest in the respective investment as at 31 December 2024 %	Approximate percentage to the total asset %	Approximate percentage of equity investment %
	Notes	Place of incorporation	Gain on change in fair value HK'000	Market value HK'000			
HSBC Holdings Plc (0005.hk)	1	England	544	1,999	14.3	2.2	<0.01
Chinese Estates Holdings Ltd (0127.hk)	2	Bermuda	329	2,628	18.8	2.8	0.11
Industrial and Commercial Bank of China Limited (1398.hk)		PRC	448	N/A	N/A	N/A	0.0
Spring Real Estate Investment (1426.hk)	3	Hong Kong	(34)	512	3.7	0.6	0.02
Geely Automobile Holdings Limited (0175.hk)		Cayman Islands	13	N/A	N/A	N/A	0.0
Sun Hing Printing Holdings (1975.hk)	4	Cayman Islands	19	229	1.6	0.3	0.13
ANTA Sports Products Limited (2020.hk)		Cayman Islands	11	N/A	N/A	N/A	0.0
Sf Real Estate Investment Trust (2191.hk)	5	Hong Kong	18	1,515	10.8	1.6	0.06
Ping An Insurance (Group) Company of China, Ltd (2318.hk)		PRC	810	N/A	N/A	N/A	0.0
Champion Reit (2778.hk)	6	Hong Kong	26	611	4.4	0.7	0.01
CSOP Hang Seng TECH Index ETF (3033.hk)		Hong Kong	83	N/A	N/A	N/A	0.0
Far East Hotels And Entertainment Limited (0037.hk)	7	Hong Kong	46	2,346	16.8	2.5	0.61
Hong Kong Exchanges & Clear (0388.hk)	8	Hong Kong	432	2,358	16.8	2.5	<0.01
China Merchants Bank Co., Ltd (3968.hk)		PRC	269	N/A	N/A	N/A	0.0
Cash Financial Services Grou (0510.hk)		Bermuda	261	N/A	N/A	N/A	0.0
Hmvod Ltd (8103.hk)	9	Cayman Islands	(1,071)	1,303	9.3	1.4	2.16
Link Reit (0823.hk)	10	Hong Kong	125	493	3.5	0.5	<0.01
Tai Cheung Holdings (0088.hk)	11	Bermuda	–	6	0.0	0.0	<0.01
China Construction Bank Corporation (0939.hk)		PRC	145	N/A	N/A	N/A	0.0
Longfor Group Holdings Limited (0960.hk)		Cayman Islands	1,055	N/A	N/A	N/A	0.0
Alibaba Group Holding Limited (9988.hk)		Cayman Islands	(177)	N/A	N/A	N/A	0.0
			<u>3,352</u>	<u>14,000</u>	<u>100.0</u>	<u>N/A</u>	<u>N/A</u>

Notes:

- 1 HSBC Holdings plc (HSBC) is the banking and financial services company. According to the latest published annual report of HSBC Holdings plc (HSBC), it had net asset value of approximately US\$192,273 million.
- 2 Chinese Estates Holdings Limited is engaged in property development and trading, property leasing and securities investments. According to its latest published interim report, it had net asset value of approximately HK\$13,697 million.
- 3 Spring Real Estate Investment Trust is engaged in owning and investing in income producing real estate assets. According to its latest published interim report, it had net asset value of approximately RMB6,078 million.
- 4 Sun Hing Printing Holdings Limited is engaged in the manufacturing and sale of printing products. According to its latest published interim report, it had net asset value of approximately HK\$467 million.
- 5 Sf Real Estate Investment Trust is engaged in investing income-generating real estate globally with an initial focus on logistics properties located in Hong Kong and Mainland China. According to its latest published annual report, it had net asset value of approximately HK\$4,234 million.
- 6 Champion REIT is a real estate investment trust formed to own and invest in income-producing office and retail properties. According to its latest published annual report, it had net asset value of approximately HK\$43,552 million.
- 7 Far East Hotels And Entertainment Limited is engaged in hotel operation, property investment and securities investment. According to its latest published annual report, it had net asset value of approximately HK\$258 million.
- 8 Hong Kong Exchanges and Clearing Limited is listed exchange operator and market regulator. According to its latest annual report, it had net asset value of approximately HK\$54,407 million.
- 9 HMVOD Limited is engaged in the OTT Internet entertainment video service system and the development business. According to its latest published annual report, it had net liabilities value of approximately HK\$24 million.
- 10 Link REIT is investing in real estate and undertaking property development and related activities in respect of all types of developments. According to its latest published interim report, it had net asset value of approximately HK\$173,133 million.
- 11 Tai Cheung Holdings is engaged in property investment and development, investment holding and property management. According to its latest published interim report, it had net asset value of approximately HK\$6,401 million.

The management would also continue to monitor the performance and share price of the above securities.

CHANGE OF COMPANY NAME

On 17 December 2024, the Company changed its English name from “AL Group Limited” to “Basic House New Life Group Limited” and adopted the Chinese name “簡樸新生活集團有限公司” as its dual foreign name to replace its former Chinese name “利駿集團(香港)有限公司” (the “Change of Company Name”). Further details of the Change of Company Name were set out in the announcement of the Company dated 22 October 2024 and 17 December 2024, and the circular of the Company dated 30 October 2024. The Change of Company Name was registered with the Registrar of Companies in Cayman Islands on 25 November 2024. Following the Change of Company Name becoming effective, the stock short name of the Company has been changed from “AL GROUP” in English and “利駿集團香港” in Chinese to “BASIC H NEWLIFE” in English and “簡樸新生活” in Chinese with effect from 9:00 a.m. on 20 December 2024. The Company also adopted a new company logo with effect from 17 December 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 22 October 2024, System Return Limited (“System Return”), a direct wholly owned subsidiary of the Company, and the vendor entered into an agreement, pursuant to which, System Return has agreed to acquire and the vendor has agreed to sell 100% equity interest of HLC Design and Build Limited (“HLC”), at the Consideration of HK\$8,000,000, which would be settled by the issue and allotment of a maximum of 14,285,714 Consideration Shares by the Company to the Vendor. HLC currently engaged in interior design and construction. Since its founding in 2017, HLC has specialized in the commercial and residential sectors of Hong Kong, providing project-based services to both corporate and individual clients. Details of the transaction were set out in the Company’s announcement dated 22 October 2024 and 20 November 2024.

Save as disclosed herein, the Group did not have any material acquisition and disposal of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

Pledge of Assets

As at 31 December 2024, the Group did not have any pledged assets (31 December 2023: Nil).

Contingent Liabilities and Capital Commitments

Certain customers of design and fit out contracts undertaken by the Group require a group entity to issue guarantees for performance of contract works in the form of surety bonds.

As at 31 December 2024, the Group had paid a refundable deposit of HK\$945,000 (31 December 2023: HK\$179,000) and, together with certain directors of a subsidiary, had also given counter indemnities to an insurance company for a surety bond issued in favour of a customer by the insurance company amounted to HK\$1,350,000 (31 December 2023: HK\$299,000) which remained outstanding at the end of the reporting period. Where the Group fails to provide satisfactory performance to the customer, the customer may demand the insurance company to pay the sum stipulated in the surety bond and the Group may then become liable to compensate the insurance company accordingly.

Save as disclosed herein, the Group has no other material contingent liabilities (31 December 2023: Nil) and any material capital commitments as at 31 December 2024. (31 December 2023: Nil).

Employees and Emolument Policies

The Group had approximately 39 employees (including Directors) as at 31 December 2024 (2023: 39). The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offers competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed by the Remuneration Committee, having regard to the Group's operating results, market competitiveness, individual performance and achievement, and approved by the Board.

Legal Proceedings

On 8 November 2023, ACE Architectural and Interior Design Limited ("ACE"), a former subsidiary of the Company, was ordered to be wound up by the High Court of Hong Kong in HCCW347/2023 and the Provisional Liquidator of ACE was appointed.

ACE filed a notice of appeal against the Order (the “Appeal”) to the Court of Appeal of the High Court on 6 December 2023. At the time of filing of the notice of Appeal on 6 December 2023, the Board had undertaken a parallel effort to seek legal advice in evaluating the substantive legal merits. Failure to file the notice of Appeal within the 28-day time limit from the date of the Order would have resulted in ACE forfeiting its right to pursue such Appeal.

After due deliberation on the legal assessment, the Board has resolved not to proceed with the Appeal. Given (i) the insolvency of ACE with net liabilities of approximately HK\$65 million as at the Deconsolidation Date; (ii) the substantial requisite funding from the Group to remedy the insolvent condition of ACE; and (iii) the ongoing litigation time and costs associated with continued pursuit of the Appeal, the Board considers that the withdrawal of the Appeal represents the most prudent and beneficial course of action for the Company, and is in the interests of the Company and the shareholders of the Company.

To the best knowledge, information and belief of the Board, the Group had not provided any form of corporate guarantee or collateral to secure the external debts incurred by ACE. With no contingent liabilities incumbent upon the Group for ACE’s failure to repay those external debts, the Company considers that there will be no adverse impact on the financial position of the Group. Details were set out in the Company’s announcements dated 8 November 2023 and 9 July 2024.

Significant Event after the Reporting Period

The following events took place subsequent to the end of the reporting period:

(a) Subscription of Convertible Bonds

Pursuant to the Company’s announcement dated 20 December 2024, the Company and each of the subscribers (the “Subscribers”) entered into the subscription agreements (the “Subscription Agreements”). Pursuant to the Subscription Agreements, the Company conditionally agreed to issue, and the Subscribers conditionally agreed to subscribe for, the convertible bonds (the “Convertible Bonds”) in the aggregate principal amount of HK\$4.7 million, which may be converted into 7,833,316 conversion shares (the “Conversion Shares”) based on the initial conversion price (the “Conversion Price”) of HK\$0.60 upon full conversion. The Conversion Shares represent approximately 2.17% of the existing total number of shares in issue, and approximately 2.13% of the total number of shares in issue as enlarged by the allotment and issuance of the Conversion Shares immediately after full conversion of the Convertible Bonds at the initial Conversion Price (assuming no other change to the issued share capital of the Company) (the “Subscription”).

The Company would apply the net proceeds from the Subscription, being approximately HK\$4.5 million towards the business operations and general working capital of the Group.

The Subscription was approved by the shareholders of the Company at an ordinary resolution at the Company's annual general meeting date 28 June 2024.

Pursuant to the Company's announcement dated 8 January 2025, all conditions precedent of all the Subscription Agreements have been fulfilled and completion of all the Subscription Agreements took place on 8 January 2025. Upon the completion of all the Subscription Agreements and pursuant to the Subscription Agreements, the Company has issued to the Subscribers and the Subscribers have subscribed for the Convertible Bonds in an aggregate principal amount of HK\$4.7 million with an initial conversion price of HK\$0.60 per Conversion Share.

Details of the above are set out in the Company's announcements dated 20 December 2024 and 8 January 2025.

(b) Acquisitions and Disposals of Listed Securities

- i. On 7 February 2025, the Company conducted the following on-market Acquisitions and Disposals:
 - Total of 200,200 Acquired Kuaishou B Shares on the open market at an aggregate consideration of approximately HK\$9.2 million (exclusive of transaction costs) (equivalent to the price of approximately HK\$46.0 per the Acquired Kuaishou B Share);
 - Total of 400,000 Acquired Geely Shares on the open market at an aggregate consideration of approximately HK\$6.7 million (exclusive of transaction costs) (equivalent to the price of approximately HK\$16.9 per the Acquired Geely Share);
 - Total of 500,000 Acquired China Life H Shares on the open market at an aggregate consideration of approximately HK\$7.4 million (exclusive of transaction costs) (equivalent to the price of approximately HK\$14.8 per the Acquired China Life H Share); and
 - Total of 60,000 Acquired Meituan B Shares on the open market at an aggregate consideration of approximately HK\$9.2 million (exclusive of transaction costs) (equivalent to the price of approximately HK\$153.9 per the Acquired Meituan B Share).

- Total of 150,000 Disposed Kuaishou B Shares (representing approximately 0.003% of the total issued share capital of Kuaishou Technology as at the date of disposal) on the open market at an aggregate consideration of approximately HK\$7.0 million (exclusive of transaction costs) (equivalent to the price of approximately HK\$46.6 per the Disposed Kuaishou B Share);
- Total of 300,000 Disposed Geely Shares (representing approximately 0.003% of the total issued share capital of Geely Automobile as at the date of disposal) on the open market at an aggregate consideration of approximately HK\$5.3 million (exclusive of transaction costs) (equivalent to the price of approximately HK\$17.7 per the Disposed Geely Share); and
- Total of 300,000 Disposed China Life H Shares (representing approximately 0.001% of the total issued share capital of China Life as at the date of disposal) on the open market at an aggregate consideration of approximately HK\$4.5 million (exclusive of transaction costs) (equivalent to the price of approximately HK\$14.9 per the Disposed China Life H Share).

The Company is expected to recognise a gain on the Disposals in an aggregate amount of HK\$308,880 and intends to apply the net proceeds from the Disposals of approximately HK\$16.8 million in aggregate as general working capital of the Group.

- ii. On 14 March 2025, the Company has further acquired the following on-market Acquisitions:
 - Total of 100,000 acquired Geely Shares (representing approximately 0.001% of the total issued share capital of Geely Automobile as at the date of acquisition) on the open market at an aggregate consideration of approximately HK\$1.8 million (excluding transaction costs) (equivalent to the price of approximately HK\$17.5 per the Acquired Geely Share).
 - Total of 39,200 acquired Dah Sing Shares (representing approximately 0.01% of the total issued share capital of Dah Sing Financial as at the date of acquisition) on the open market at an aggregate consideration of approximately HK\$1.2 million (excluding transaction costs) (equivalent to the price of approximately HK\$31.7 per the Acquired Dah Sing Share).

iii. On 18 March 2025, the Company has further acquired the following on-market Acquisitions:

- Total of 100,000 acquired Geely Shares (representing approximately 0.001% of the total issued share capital of Geely Automobile as at the date of acquisition) on the open market at an aggregate consideration of approximately HK\$1.8 million (excluding transaction costs) (equivalent to the price of approximately HK\$17.88 per the Acquired Geely Share).
- Total of 66,800 acquired Dah Sing Shares (representing approximately 0.02% of the total issued share capital of Dah Sing Financial as at the date of acquisition) on the open market at an aggregate consideration of approximately HK\$2.2 million (excluding transaction costs) (equivalent to the price of approximately HK\$33.4 per the Acquired Dah Sing Share).

iv. On 24 March 2025, the Company has further disposed the following on-market Disposals:

- Total of 200,000 disposed China Life H Shares (representing approximately 0.001% of the total issued share capital of China Life as at the date of disposal) on the open market at an aggregate consideration of approximately HK\$3.2 million (excluding transaction costs) (equivalent to the price of approximately HK\$15.8 per the Disposed China Life H Share).
- Total of 300,000 disposed Geely Shares (representing approximately 0.003% of the total issued share capital of Geely Automobile as at the date of disposal) on the open market at an aggregate consideration of approximately HK\$5.2 million (excluding transaction costs) (equivalent to the price of approximately HK\$17.4 per the Disposed Geely Share).
- Total of 50,200 disposed Kuaishou B Shares (representing approximately 0.001% of the total issued share capital of Kuaishou Technology as at the date of disposal) on the open market at an aggregate consideration of approximately HK\$2.9 million (excluding transaction costs) (equivalent to the price of approximately HK\$57.8 per the Disposed Geely Share).

The Company is expected to recognise a gain on the Further Disposals in an aggregate amount of approximately HK\$1.2 million. The Company intends to apply the net proceeds from the Further Disposals of approximately HK\$11.3 million in aggregate as general working capital of the Group.

- v. On 25 March 2025, the Company acquired a total of 250,000 CKH Shares (representing approximately 0.007% of the total issued share capital of CK Hutchison as at the date of acquisition) on the open market at an aggregate consideration of approximately HK\$11.3 million (exclusive of transaction costs) (equivalent to the price of approximately HK\$45.0 per the Acquired CKH Share).

Details of the above are set out in the Company's announcements dated 7 February 2025, 14 March 2025, 18 March 2025, 24 March 2025 and 25 March 2025.

(c) Acquisitions of Properties

On 6 March 2025, Golden Decoration and Design Limited, an indirect wholly-owned subsidiary of the Company entered into two Provisional Agreements with the Vendors and Agents.

The Property A is a residential property with a saleable area of approximately 628 sq. ft. situated at 5th Floor, No. 75 Prince Edward Road West, Kowloon, Hong Kong. The Consideration is HK\$2,900,000 (equivalent to approximately HK\$4,617.8 per square foot based on a saleable area of approximately 628 sq. ft.). payable by the Purchaser to the Vendor.

The Property B is a residential property with a saleable area of approximately 592 sq. ft. situated at 3rd Floor, Section C of Lot No. 732 in DD450, Tsuen Wan, New Territories, Hong Kong. The Consideration is HK\$2,400,000 (equivalent to approximately HK\$4,054.1 per square foot based on a saleable area of approximately 592 sq. ft.), payable by the Purchaser to the Vendor.

Details of the transactions are set out in the Company's announcements dated 6 March 2025.

Management's View on the Qualified Opinion

The qualified opinion issued by the auditors regarding the consolidated financial statements for the year ended 31 December 2024 arose from the former subsidiary that was deconsolidated in the prior year ended 31 December 2023. As referred to in the Company's announcement dated 9 July 2024, management explained that the Group has lost control over the former subsidiary as from 8 November 2023, accordingly it was unable to provide the auditors with the books and records and other related documents of the former subsidiary for their audit purposes, which resulted in the auditor's qualified opinion on the Group's consolidated financial statements for the prior year ended 31 December 2023.

During the year under review and up to the date of the results announcement, management has taken every effort to gain access to the books and records of the former subsidiary, however as such books and records were seized by the liquidator of the former subsidiary, management was unable to obtain these books and records for the audit purposes. Consequently, the auditor was unable to determine the reasonableness of certain comparative figures presented in the Group's consolidated profit or loss and other comprehensive income for the current year ended 31 December 2024. Management has consulted with the auditors that the subject matter on which the audit qualified opinion is concerned and, due to the nature of the subject matter, the subject matter will not be carried forward and will be an audit issue again in connection with the audit of the Group's consolidated financial statements for the next financial year ending 31 December 2025 and onward.

Audit Committee's View on the Qualified Opinion

The Audit Committee of the Board (the "**Audit Committee**") has reviewed the details and considered the Company's management's (the "**Management**") position and rationale as set out in the section titled "Management's View on the Qualified Opinion" above. After evaluating the circumstances and information, the Audit Committee concurs with the Management's position and rationale.

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

The Company has not redeemed any of its shares during the period from the Listing Date to 31 December 2024. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period from the Listing Date to 31 December 2024.

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Board and the management of the Company are committed to the maintenance of good corporate governance, practices and procedures. The Company believes that good corporate governance provides a solid foundation for the Group to manage business risks and is also one of the key factors leading to the success of the Company so as to balance the interests of shareholders, customers and employees. The Board is devoted to ongoing enhancements and review of the efficiency and effectiveness of such principles and practices to ensure that all of them are in line with corporate governance best practices.

During the Year, the Board considers that the Company has complied with all the corporate governance codes (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Year.

AUDIT COMMITTEE

The Company established an audit committee on 15 June 2016 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The terms of reference of the audit committee was amended on 31 December 2018 and are available on the websites of the Company and the Stock Exchange.

The responsibility of the audit committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting, risk management and internal control principles and procedures, and to provide advice and comments to the Board. The members meet regularly with the external auditor and/or the Company's senior management for the review, supervision and discussion of the Company's financial reporting, risk management and internal control procedures and ensure that the board and the management have discharged their duties to have an effective risk management and internal control systems.

SCOPE OF WORK OF CCTH CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, CCTH CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2024. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CCTH CPA Limited on the preliminary announcement.

By order of the Board
Basic House New Life Group Limited
Chan Hung Kai
Chairman and Executive Director

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Chan Hung Kai (Chairman) and Mr. Chung Kar Ho Carol; and three independent non-executive Directors, namely, Mr. Tam Chak Chi, Ms. Lau Ho Kwan and Mr. Tang Chi Chiu.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the date of its publication and on the website of the Company at www.basicnewlife.com.