China Fortune Holdings Limited
中國長遠控股有限公司*

(Incorporated in Bermuda with limited liability, carrying on business in H.K. as CFH Limited)

(Stock Code: 110)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the "Board") of China Fortune Holdings Limited (the "Company") announces the consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024, together with the comparative figures as follows:

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000 (Restated)
Continuing Operations			
Revenue	4	**43,634**	81,542
Cost of sales		**(42,078)**	(81,166)
Gross profit		**1,556**	376
Other income		**1,073**	2,297
Other gains and losses, net	5	**(3,163)**	569
Selling and distribution costs		**(208)**	(179)
Administrative expenses		**(15,931)**	(16,726)
Finance costs	6	**(431)**	(103)
Share of results of associates		**(927)**	(362)
Loss before income tax	8	**(18,031)**	(14,128)
Income tax expense	7	**(13)**	(22)
Loss for the year from Continuing Operations		**(18,044)**	(14,150)
Discontinued Operation			
Loss for the year from Discontinued Operation		**(15,662)**	(949)
Loss for the year		**(33,706)**	(15,099)

	2024	2023
	HK$'000	*HK$'000*
		(Restated)
Other comprehensive expenses that may be subsequently transferred to profit or loss		
Exchange differences arising on translation from functional currency to presentation currency	**(161)**	(4)
Share of exchange differences of associates	**(61)**	(65)
Release of translation reserve upon disposal of subsidiaries	**(13,313)**	(1,130)
Total comprehensive expenses for the year	**(47,241)**	(16,298)
Loss for the year attributable to owners of the Company:		
— Continuing Operations	**(16,138)**	(12,127)
— Discontinued Operation	**(15,373)**	(489)
	(31,511)	(12,616)
Loss for the year attributable to non-controlling interests:		
— Continuing Operations	**(1,906)**	(2,023)
— Discontinued Operation	**(289)**	(460)
	(2,195)	(2,483)
Loss for the year	**(33,706)**	(15,099)

	Note	2024 HK$'000	2023 HK$'000 (Restated)
Total comprehensive (expenses) income for the year attributable to owners of the Company:			
— Continuing Operations		**(31,104)**	(15,362)
— Discontinued Operation		**(15,373)**	507
		(46,477)	(14,855)
Total comprehensive (expenses) income for the year attributable to non-controlling interests:			
— Continuing Operations		**(1,860)**	(1,948)
— Discontinued Operation		**1,096**	505
		(764)	(1,443)
Total comprehensive expenses for the year		**(47,241)**	(16,298)
		HK cents	*HK cents* (Restated)
Loss per share			
From Continuing Operations and Discontinued Operation			
— Basic and diluted		**(13.91)**	(6.39)
From Continuing Operations			
— Basic and diluted	*9*	**(7.12)**	(6.14)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
Non-Current Assets			
Plant and equipment		**26**	20
Mining right		**–**	–
Right-of-use assets		**452**	1,596
Interests in associates		**529**	1,015
Financial assets at fair value through profit or loss		**102**	1,300
Club memberships		**680**	680
		1,789	4,611
Current Assets			
Inventories		**629**	1,964
Trade and other receivables	*10*	**50,844**	19,479
Amounts due from non-controlling shareholders of subsidiaries		**–**	340
Financial assets at fair value through profit or loss		**533**	642
Cash and cash equivalents		**7,182**	11,866
		59,188	34,291

	Notes	**2024** HK$'000	2023 HK$'000
Current Liabilities			
Trade and other payables	*11*	**50,512**	41,589
Amounts due to related parties		**10,657**	11,663
Amounts due to non-controlling shareholders of subsidiaries		**27**	28
Tax payables		**–**	1,706
Contract liabilities		**2,703**	–
Short-term borrowings	*12*	**10,469**	–
Lease liabilities		**365**	1,063
		74,733	56,049
Net Current Liabilities		**(15,545)**	(21,758)
Total Assets less Current Liabilities		**(13,756)**	(17,147)
Capital and Reserves			
Share capital		**2,376**	2,116
Reserves		**(14,097)**	25,925
Equity Attributable to Owners of the Company		**(11,721)**	28,041
Non-controlling interests		**(2,135)**	(45,723)
		(13,856)	(17,682)
Non-Current Liabilities			
Lease liabilities		**100**	535
		100	535
Total Equity and Liabilities		**(13,756)**	(17,147)

Notes:

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in Bermuda under the Companies Act 1981 of Bermuda (as amended). The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of the Group are distribution and trading of mobile phones and electronic products and mining and processing of celestite, zinc and lead minerals. During the year ended 31 December 2024, the Company disposed of its entire equity interest in China Yellow Stone Investment Company Limited and its subsidiary (the "China Yellow Stone Group") which is mainly engaged in the exploration, exploitation, refining and asset investment of mineral resources business and thus the Company ceased its Mining Business (the "Discontinued Operation"). Subsequently, the Company remains its Mobile Phone and Electronic Products Business (the Continuing Operations").

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and 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 (the "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 Arrangements

The application of the amendments to HKFRSs in the current year has 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.

(b) New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements ("HKFRS 18"), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements ("HKAS 1"). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and HKFRS 7 Statement of Cash Flows ("HKFRS 7"). Minor amendments to HKAS 7 and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

(a) Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if participants would take those characteristics into account when pricing the asset or liability market at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 *Impairment of Assets*.

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

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

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

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

(b) Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

During the year ended 31 December 2024, the Group incurred a loss attributable to the owner of the Company of approximately HK$31,511,000 (2023: HK$12,616,000) and a net operating cash outflow of approximately HK$19,677,000 (2023: HK$11,220,000). In addition, as at 31 December 2024, its current liabilities exceeded its current assets by approximately HK$15,545,000 (2023: HK$21,758,000).

The conditions described above indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group. The directors of the Company have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of at least the next twelve months from 31 December 2024. In the opinion of the directors of the Company, the Group can meet its financial obligations as and when they fall due within the next twelve months from 31 December 2024, after taking into consideration of the measures and plans made by the Group as detailed below:

(i) On 8 January 2025, the Company entered into subscription agreements with certain subscribers and pursuant to which the subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 16,000,000 shares of HK$0.26 each under the general mandate for a gross proceeds of approximately HK$4.16 million. The directors of the Company will consider to improve the financial position of the Group and to enlarge the capital base of the Company by further conducting fund raising exercises such as share placement, right issues or others as and when necessary;

(ii) The Company obtained a letter of undertaking (the "Letter of Undertaking") dated 31 March 2025 from Mr. Lau, the Chief Executive Officer, executive director and the controlling shareholder of the Company that he agrees to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without a significant curtailment of operations for a period of at least the next twelve months from 31 December 2024;

(iii) 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; and

(iv) The directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs.

In light of the above measures and plans implemented to date, the directors of the Company are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for a period of at least the next twelve months from 31 December 2024 after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the development of its business. Accordingly, the directors of the Company are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Company will be able to achieve its measures and plans as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows in the near future and obtain the continuous financial support from its controlling shareholder.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the values of assets to their estimated recoverable amounts, to provide further liabilities that might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these potential adjustments have not been reflected in the consolidated financial statements.

4. SEGMENT INFORMATION AND REVENUE

(a) Reportable segments and reconciliation of reportable segment revenue, profit or loss, assets and liabilities

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers (the "CODM"), being the executive directors of the Company throughout the years ended 31 December 2024 and 31 December 2023 that are used to make strategic decisions and also for the purposes of resource allocation and performance assessment.

During the years ended 31 December 2024 and 31 December 2023, the Group has two reportable segments: (i) Mobile Phone and Electronic Products Business; and (ii) Mining Business.

The following describes the operations in each of the Group's reportable segments:

- Mobile Phone and Electronic Products Business: Sales and marketing of mobile phone and electronic products and components.

- Mining Business: Exploration, exploitation, refining and asset investment of mineral resources.

During the year ended 31 December 2024, the Company disposed of its 100% equity interest in China Yellow Group which is mainly engaged in the exploration, exploitation, refining and asset investment of mineral resources business (the "Disposal"). Subsequent to the Disposal, the directors of the Company decided to cease its Mining Business (i.e. the "Discontinued Operation") and the Group continues to be engaged in the Mobile Phone and Electronic Products Business (i.e. the "Continuing Operations").

Information regarding the Group's reportable segments from Continuing Operations and Discontinued Operation as provided to the Group's executive directors of the Company for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 31 December 2023 is set out below.

	Mobile phone and electronic products business	**Mining business***	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2024				
Reportable segment revenue	**43,634**	**–**	**–**	**43,634**
Reportable segment results	**(4,428)**	**(602)**	**–**	**(5,030)**
Loss on the Disposal				**(15,060)**
Unallocated and corporate income				**1,361**
Unallocated and corporate expenses				**(14,964)**
Loss before tax				**(33,693)**
Income tax expense				**(13)**
Loss for the year				**(33,706)**

	Mobile phone and electronic products business *HK$'000*	Mining business* *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Reportable segment assets	**60,977**	**N/A**	**N/A**	**60,977**
Unallocated and corporate assets				**N/A**
Total assets				**60,977**
Reportable segment liabilities	**(74,833)**	**N/A**	**N/A**	**(74,833)**
Unallocated and corporate liabilities				**N/A**
Total liabilities				**(74,833)**
Other segment information:				
Depreciation of plant and equipment	**–**	**–**	**12**	**12**
Depreciation of right-of-use assets	**278**	**–**	**602**	**880**
Impairment loss recognised in respect of trade and other receivables, net	**357**	**–**	**40**	**397**
Impairment loss in respect of amounts due from non-controlling shareholders of subsidiaries, net	**340**	**–**	**–**	**340**
Impairment loss recognised in respect of interest in an associate	**134**	**–**	**–**	**134**
Share of results of associates	**927**	**–**	**–**	**927**
Loss on termination of lease contract	**10**	**–**	**73**	**83**
Additions to non-current assets	**270**	**–**	**18**	**288**

* The amounts represent the financial information of the Group's Mining Business companies during the period from 1 January 2024 to 23 December 2024.

Notes:

(a) The unallocated and corporate income mainly included miscellaneous income and other corporate income.

(b) The unallocated and corporate expenses mainly included fair value loss on financial assets at fair value through profit or loss, salaries and allowances and other corporate expenses.

(c) The unallocated corporate assets mainly included plant and equipment and deposits for the headquarter in Hong Kong.

(d) The unallocated corporate liabilities mainly included lease liabilities for the headquarter in Hong Kong, accrued salaries, professional fee and audit fee.

(e) Additions to non-current assets consists of additions to plant and equipment and right-of-use assets.

	Mobile phone and electronic products business	Mining business	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2023				
Reportable segment revenue	81,542	–	–	81,542
Reportable segment results	(1,633)	(949)	–	(2,582)
Unallocated and corporate income				4,707
Unallocated and corporate expenses				(17,202)
Loss before tax				(15,077)
Income tax expense				(22)
Loss for the year				(15,099)
Reportable segment assets	26,671	475	–	27,146
Unallocated and corporate assets				11,756
Total assets				38,902
Reportable segment liabilities	(20,560)	(14,773)	–	(35,333)
Unallocated and corporate liabilities				(21,251)
Total liabilities				(56,584)

	Mobile phone and electronic products business *HK$'000*	Mining business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Other segment information:				
Depreciation of plant and equipment	–	2	9	11
Depreciation of right-of-use assets	326	–	690	1,016
Impairment loss recognised in respect of trade and other receivables, net	13	–	6	19
Reversal of impairment loss in respect of amounts due from non-controlling shareholders of subsidiaries	(31)	–	–	(31)
Impairment loss recognised in respect of interest in an associate	1,124	–	–	1,124
Share of results of an associate	362	–	–	362
Loss on termination of lease contract	–	–	78	78
Gain on disposal of a subsidiary	(1,919)	–	–	(1,919)
Additions to non-current assets	–	–	1,756	1,756

Notes:

(a) The unallocated and corporate income mainly included miscellaneous income and other corporate income.

(b) The unallocated and corporate expenses mainly included fair value loss on financial assets at fair value through profit or loss, salaries and allowances and other corporate expenses.

(c) The unallocated corporate assets mainly included plant and equipment and deposits for the headquarter in Hong Kong.

(d) The unallocated corporate liabilities mainly included lease liabilities for the headquarter in Hong Kong, accrued salaries, professional fee and audit fee.

(e) Additions to non-current assets consists of additions to plant and equipment and right-of-use assets.

(b) Geographical information

The following table sets forth the Group's revenue from Continuing Operations and Discontinued Operation by geographical location of customers:

	2024				2023			
	Continuing Operations — Mobile Phone and Electronic Products Business	**Discontinued Operation — Mining Business***	**Unallocated**	**Total**	Continuing Operations — Mobile Phone and Electronic Products Business	Discontinued Operation — Mining Business	Unallocated	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
PRC	**9,612**	**–**	**–**	**9,612**	14,876	–	–	14,876
Hong Kong	**34,022**	**–**	**–**	**34,022**	66,666	–	–	66,666
	43,634	**–**	**–**	**43,634**	81,542	–	–	81,542

* The above amounts represent the financial information of the Group's Mining Business companies during the period from 1 January 2024 to 23 December 2024.

The information about the Group's non-current assets from Continuing Operations and Discontinued Operation by location of assets are detailed below:

	2024				2023			
	Continuing Operations — Mobile Phone and Electronic Products Business	**Discontinued Operation — Mining Business***	**Unallocated**	**Total**	Continuing Operations — Mobile Phone and Electronic Products Business	Discontinued Operation — Mining Business	Unallocated	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
PRC	**764**	**N/A**	**N/A**	**764**	1,439	–	561	2,000
Hong Kong	**923**	**N/A**	**N/A**	**923**	–	–	1,311	1,311
	1,687	**N/A**	**N/A**	**1,687**	1,439	–	1,872	3,311

(c) Information about major customers

Revenue from major customers, where each of them accounted for 10% or more of the Group's revenue which are mainly attributable to Mobile Phone and Electronic Products Business, are set out below:

	2024	2023
	HK$'000	*HK$'000*
Mobile phone business:		
Customer A	**33,425**	66,666
Customer B	**5,735**	N/A*
Customer C	**2,340**	N/A*
Customer D	**1,051**	N/A*
Customer E	**597**	N/A*
Customer F	**N/A#**	14,876

* The corresponding revenue in the year for these customers did not contribute over 10% of the total revenue of the Group.

\# The revenue in the year for this customer did not contribute over 10% of the total revenue of the Group.

(d) Revenue from contracts with customers

(a) Disaggregation of revenue from contracts with customers

(i) The Group derives revenue from the transfer of goods and services by categorise of major product lines and business

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Major product		
Trading of mobile phone and electronic products		
Mobile phone and electronic products	**43,634**	81,542

(ii) The Group derives revenue from the transfer of goods and services by timing of revenue recognition

	2024	2023
	HK$'000	*HK$'000*
Timing of revenue recognition		
Trading of mobile phone and electronic products		
At a point in time	**43,634**	81,542

(iii) The Group derives revenue from the transfer of goods and services by geographical markets

	2024	2023
	HK$'000	*HK$'000*
Geographical market		
Trading of mobile phone and electronic products		
PRC	**9,612**	14,876
Hong Kong	**34,022**	66,666
	43,634	81,542

(b) Contract balances

	As at 31 December		As at 1 January
	2024	2023	2023
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables	**42,652**	20,440	3,272
Less: Allowance for credit losses	**(3,342)**	(3,166)	(3,272)
	39,310	17,274	–

5. OTHER GAINS AND LOSSES, NET

	Continuing Operations — Mobile Phone and Electronic Products Business		Discontinued Operation — Mining Business		Unallocated		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Exchange gains (loss), net	**(20)**	19	**–**	–	**61**	–	**41**	19
Fair value loss on financial assets at FVTPL	**–**	–	**–**	–	**(1,364)**	(593)	**(1,364)**	(593)
Impairment losses recognised in respect of trade and other receivables, net	**(357)**	(13)	**–**	–	**(40)**	(6)	**(397)**	(19)
(Impairment losses) reversal of impairment losses recognised in respect of amounts due from non-controlling shareholders of subsidiaries, net	**(340)**	31	**–**	–	**–**	–	**(340)**	31
Impairment losses recognised in respect of inventories	**(999)**	–	**–**	–	**–**	–	**(999)**	–
Impairment losses recognised in respect of interests in associates	**(134)**	(1,124)	**–**	–	**–**	–	**(134)**	(1,124)
Loss on termination of lease contract	**(10)**	–	**–**	–	**(73)**	(78)	**(83)**	(78)
Gain on disposal of a subsidiary	**–**	1,919	**–**	–	**–**	–	**–**	1,919
Loss on disposal of financial assets at FVTPL	**–**	–	**–**	–	**–**	(65)	**–**	(65)
Gain on disposal of plant and equipment	**–**	–	**–**	–	**–**	5	**–**	5
Others	**–**	–	**–**	–	**113**	474	**113**	474
	(1,860)	832	**–**	–	**(1,303)**	(263)	**(3,163)**	569

6. FINANCE COSTS

	Continuing Operations — Mobile Phone and Electronic Products Business		Discontinued Operation — Mining Business		Unallocated		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on lease liabilities	**27**	59	**–**	–	**45**	44	**72**	103
Interest on short-term borrowings	**356**	–	**–**	–	**–**	–	**356**	–
Others interest expenses	**–**	–	**–**	–	**3**	–	**3**	–
	383	59	**–**	–	**48**	44	**431**	103

7. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of profit or loss and comprehensive income represents:

	Continuing Operations — Mobile Phone and Electronic Products Business		Discontinued Operation — Mining Business		Unallocated		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current tax								
— Hong Kong Profits Tax	**8**	22	**–**	–	**–**	–	**8**	22
— PRC EIT	**5**	–	**–**	–	**–**	–	**5**	–
	13	22	**–**	–	**–**	–	**13**	22

Bermuda and the BVI

Pursuant to the rules and regulations of Bermuda and the BVI, the Group is not subject to any income tax under these jurisdictions for both years.

Hong Kong

Under the Hong Kong two-tiered profits tax rates regime, the first HK$2 million of profits of qualifying corporations are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%.

PRC

The Group's major operations are being carried out through its subsidiaries established in the PRC and subject to the Enterprises Income Tax ("EIT") rate of 25% (2023: 25%), unless preferential rates are applicable in the cities where the subsidiaries are located.

8. LOSS BEFORE INCOME TAX

Loss before income tax is arriving at after charging (crediting):

	Continuing Operations — Mobile Phone and Electronic Products Business		Discontinued Operation — Mining Business		Unallocated		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Staff costs								
Directors' emoluments	**–**	–	**189**	467	**2,808**	2,903	**2,997**	3,370
Other staff costs								
— Salaries and allowances for other staffs	**695**	171	**44**	65	**4,454**	5,268	**5,193**	5,504
— Performance bonus	**–**	–	**–**	–	**–**	–	**–**	–
— Retirement benefit scheme contribution (excluding directors)	**103**	45	**–**	11	**183**	83	**286**	139
	798	216	**233**	543	**7,445**	8,254	**8,476**	9,013
Auditor's remuneration	**103**	104	**10**	10	**912**	1,272	**1,025**	1,386
Cost of sales	**42,078**	81,166	**–**	–	**–**	–	**42,078**	81,166
Depreciation of plant and equipment	**–**	–	**–**	2	**12**	9	**12**	11
Depreciation of right-of-use assets	**278**	326	**–**	–	**602**	690	**880**	1,016
and after crediting:								
Interest income	**(45)**	(79)	**–**	(1)	**(18)**	(1)	**(63)**	(81)

9. LOSS PER SHARE

The calculation of the basic and diluted loss attributable to the owners of the Company is based on the following data:

	2024	2023
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company		
— Continuing Operations	**(16,138)**	(12,127)
— Discontinued Operation	**(15,373)**	(489)
	(31,511)	(12,616)

	2024	2023
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share		
Issued ordinary shares at 1 January	**211,556**	183,556
Effect of First Subscription of New Shares	**–**	8,926
Effect of Second Subscription of New Shares	**–**	4,959
Effect of 2024 Subscription of New Shares	**15,060**	–
	226,616	197,441

The weighted average number of ordinary shares for the purpose of calculating basic loss per share for the year ended 31 December 2024 and 31 December 2023 has been adjusted Subscription of New Shares of the Company.

No diluted loss per share is presented as there are no dilutive potential ordinary shares in issue for each of the years ended 31 December 2024 and 31 December 2023.

10. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**42,652**	20,440
Less: Allowance for credit loss	**(3,342)**	(3,166)
	39,310	17,274
Value-added-tax recoverable	**151**	309
Prepayments to suppliers	**30,031**	23,493
Other receivables and deposits	**7,459**	8,464
	37,641	32,266
Less: Allowance for credit loss	**(26,107)**	(30,061)
	11,534	2,205
	50,844	19,479

The Group generally requests for full prepayment from its trade customers but it also allows credit period of 30 to 90 days for certain trade customers. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Limits attributed to customers are reviewed periodically. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

The Group does not hold any collateral over its trade debts.

The following is an aged analysis of trade receivables (net of allowance for credit loss) presented based on the invoice date at the end of reporting period:

	2024	2023
	HK$'000	*HK$'000*
0 to 30 days	**7,072**	17,274
31 to 90 days	**–**	–
91 to 365 days	**32,238**	–
	39,310	17,274

Movement in the allowance for doubtful debts in respect of trade and other receivables:

	Trade receivables	**Other receivables**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Balance at 1 January 2023	3,272	31,712	34,984
Impairment losses recognised during the year	–	30	30
Reversal of impairment loss recognised	–	(11)	(11)
Disposal of a subsidiary	(19)	(889)	(908)
Exchange adjustments	(87)	(781)	(868)
Balance at 31 December 2023 and 1 January 2024	**3,166**	**30,061**	**33,227**
Impairment losses recognised during the year	**322**	**77**	**399**
Reversal of impairment loss recognised	**–**	**(2)**	**(2)**
Disposal of subsidiaries	**(29)**	**(3,050)**	**(3,079)**
Exchange adjustments	**(117)**	**(979)**	**(1,096)**
Balance at 31 December 2024	**3,342**	**26,107**	**29,449**

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of reporting period:

	2024	2023
	HK$'000	*HK$'000*
Trade payables:		
0 to 90 days	**43**	19,141
Over 90 days	**32,777**	–
	32,820	19,141
Value-added-tax payables	**243**	2
Prepayments from customers	**943**	1,025
Other payables and accruals	**15,446**	9,638
Amount due to an associate	**1,060**	–
Provision for close down and restoration costs	**–**	11,783
	50,512	41,589

12. SHORT-TERM BORROWINGS

	2024	2023
	HK$'000	*HK$'000*
Other borrowings — unsecured	**10,469**	–
The carrying amounts of bank and other borrowings based on scheduled repayment dates set out in the loan agreements		
Within one year or on demand	**10,469**	–
	10,469	–
The carrying amounts of other borrowings that become immediately due and payable due to breach of loan covenants and/or contain a repayment on demand clause/or payable within one year or demand which was shown under current liabilities	**(10,469)**	–
Amounts shown under non-current liabilities	**–**	–

As at 31 December 2024, the Group has unsecured, fixed interest-rate other borrowings which carry interest ranging from 12.00% to 14.40% per annum.

13. EVENT AFTER THE END OF THE REPORTING PERIOD

On 8 January 2025, the Company entered into subscription agreements with two independent third parties ("the 2025 Subscribers"), pursuant to which the 2025 Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 16,000,000 shares of HK$0.26 each under the general mandate for a cash consideration of approximately HK$4.16 million ("the 2025 Subscriptions"). At the date of approval of these consolidated financial statements, the 2025 Subscriptions has been completed and details of which are set out in the Company's announcement dated 22 January 2025.

Save as disclosed above, there were no other significant events subsequent to the reporting period.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Below is an extract of the report by SFAI (HK) CPA Limited, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December 2024.

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.

Material Uncertainty Related to Going Concern

We draw attention to note 3(b) to the consolidated financial statements, for the year ended 31 December 2024, the Group recorded a loss attributable to owners of the Company of approximately HK$31,511,000 and as at 31 December 2024, its current liabilities exceeded its current assets by approximately HK$15,545,000. These conditions, along with other matters as set forth in note 3(b) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors, having considered the measures and plans being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW AND OUTLOOK

Revenue

For the year ended 31 December 2024, the Group recorded total revenue of HK$43.6 million, which was approximately HK$37.9 million or 46.5% lower than the revenue of HK$81.5 million reported in 2023. The decline in revenue was primarily due to the decrease in mobile phone and electronic products trading business activities in PRC and Hong Kong. The Group's revenue was derived from mobile phone and electronic products trading business in PRC and Hong Kong in both years.

During the year ended 31 December 2024, revenue from mobile phone and electronic products trading business was HK$43.6 million (2023: HK$81.5 million), contribution from the PRC and Hong Kong was HK$9.6 million and HK$34.0 million (2023: HK$14.9 million and HK$66.6 million) respectively, representing 22.0% and 78.0% (2023: 18.3% and 81.7%) of the total revenue of the Group.

The decline in revenue was a result of a global economic slowdown that negatively impacted the wholesale and retail markets for mobile phones and electronic products in the PRC. Additionally, the Group experienced a reduction in sales over both years as Chinese consumers cut back on spending, leading to a stagnant and declining retail market for these products in the region.

Compared with 2023, the Group's revenue contribution from the PRC increased from 18.3% to 22.0%, Hong Kong decreased from 81.7% to 78.0%. The main reason is the Group adopted the supply chain diversification strategies to expand its trade and distribution networks across more various geographical locations and commenced to trade and distribute the routers products business in the PRC during the current reporting period.

Gross profit and gross profit margin

The Group's gross profit and gross profit margin were HK$1.6 million or 3.6% and HK$0.4 million or 0.5% for the years ended 31 December 2024 and 2023, respectively. The increased in gross profit and gross profit margin was contributed by the Group's trading and distribution of routers and related electronic products business in the PRC commenced during the current reporting period.

Other income

Other income was approximately HK$1.1 million for the year ended 31 December 2024, as compared to approximately HK$2.3 million for the year ended 31 December 2023. The Group's other income mainly consisted of HK$0.3 million of database traffic monetisation generated from our mobile applications business for the year ended 31 December 2024 (2023: HK$1.8 million). The decrease in database traffic monetisation was primarily due to business model transformation during the year.

Other gains and losses, net

We had net losses of HK$3.2 million for the year ended 31 December 2024 and net gains of HK$0.6 million for the year ended 31 December 2023. For the year ended 31 December 2024, the net losses mainly consisted of fair value loss on financial assets at FVTPL of HK$1.4 million due to financial performance and the impairment loss recognised in inventories of HK$1.0 million.

Selling and distribution costs

Selling and distribution costs were approximately HK$0.2 million for the year ended 31 December 2024, as compared to HK$0.2 million for the year ended 31 December 2023. The Group's selling and distribution costs were primarily composed of logistics and transportation, rental expenses and travelling expenses.

Administrative expenses

The Group's administrative expenses decreased by HK$0.8 million or 4.8% from approximately HK$16.7 million for the year ended 31 December 2023 to approximately HK$15.9 million for the year ended 31 December 2024. Balance mainly included salaries and allowances, rental expenses, legal and professional fees and travelling expenses.

The decrease of administrative expenses by HK$0.8 million was primarily attributable to the decrease in salaries and allowances, directors' emoluments and promotion expenses incurred by Beijing Daizhangmen database traffic monetisation of mobile application business due to strict expenses policy implemented.

Finance costs

During the years ended 31 December 2024 and 2023, the Group's finance costs amounted to approximately HK$0.4 million and HK$0.1 million, respectively. The Group's finance costs mainly consisted of the interest on lease liabilities and interest on short-term borrowings for both years. The increase of financial costs by HK$0.3 million was primarily attributable to the interest on short-term borrowings.

Income tax expense

The Group's income tax expense amounted to HK$13,000 for the year ended 31 December 2024, as compared to income tax expense of HK$22,000 in last year.

Loss for the year attributable to owners of the Company

As a result of the factors set out above, the Group's loss for the year attributable to owners of the Company amounted to approximately HK$31.5 million for the year ended 31 December 2024, as compared to loss for the year attributable to owners of the Company of approximately HK$12.6 million in last year.

Loss per share

The basic loss per share was 13.91 HK cents in current year as compared to the basic loss per share of 6.39 HK cents in last year.

Financial assets at fair value through profit or loss

As at 31 December 2024 and 2023, the Group held (i) an unlisted fund investment (31 December 2024: Nil; 31 December 2023: HK$1.3 million); (ii) an unlisted equity investment (31 December 2024: HK$0.1 million; 31 December 2023: Nil); and (iii) listed equity investments in the PRC (31 December 2024: HK$0.5 million; 31 December 2023: HK$0.6 million) engaged in different business.

As at 31 December 2024, unlisted fund investment mainly represented the investment of 13.3% in the equity interest of a fund which focuses on the investment in the property market, including a property development project carried in PRC.

As at 31 December 2024, unlisted equity investment represented an investment of 4.8% in an entity which focuses on artificial intelligence base data service provider in the PRC.

As at 31 December 2024, listed equity investments in the PRC mainly represented the Group's listed equity investments in the ordinary shares of entities listed on Shanghai/Shenzhen Stock Exchange.

Inventories

As at 31 December 2024, HK$0.6 million of inventories were recognised, while HK$2.0 million of inventories were recognised as at 31 December 2023. The decrease in inventories was primarily due to the mobile phone and electronic products were delivered and recognised as revenue during the year ended 31 December 2024.

Trade and other receivables

Trade and other receivables of the Group increased by HK$31.3 million from approximately HK$19.5 million as at 31 December 2023 to approximately HK$50.8 million as at 31 December 2024. The increase in trade and other receivables was mainly due to the increase in trade receivables of HK$22.0 million as at 31 December 2024, mainly due to longer settlement period of the customers under the unstable economic conditions.

Cash and cash equivalents

The total cash and cash equivalents amounted to approximately HK$7.2 million as at 31 December 2024 as compared to approximately HK$11.9 million as at 31 December 2023, without any deposit pledged to banks. The decrease of cash and cash equivalents was mainly due to the operating expenditures, which was offset with the net proceeds of approximately HK$6.72 million from the subscriptions of new Shares under general mandate in June 2024. The Group is financed by a combination of its equity capital and the cash flow generated from its operation.

The Group has adopted a prudent financial management approach towards its financial and treasury policies. During the year, the Group was on track with this approach to maintain a healthy liquidity position. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. The Group may utilise the balance of cash for appropriate investment in accordance with the Group's strategic direction and development.

During the year, there was no material change in the funding and treasury policy of the Group. The Group considers there was no material potential currency exposure as the majority of its revenue and expenses are derived and incurred in Hong Kong dollars in Hong Kong and Renminbi in PRC. The treasury policy of the Group to manage its foreign currency exposure whenever its financial impact is material to the Group. The Group currently does not have a foreign currency hedging policy.

Trade and other payables

The trade and other payables of the Group increased by approximately HK$8.9 million from approximately HK$41.6 million as at 31 December 2023 to approximately HK$50.5 million as at 31 December 2024.

The increase in trade and other payables was mainly due to the increase in trade payables of HK$13.7 million as at 31 December 2024 (2024: HK$32.8 million; 2023: HK$19.1 million), mainly due to delay payments to suppliers.

Balances also consisted of value-added-tax payables (2024: HK$0.2 million; 2023: HK$2,000), prepayment from customers (2024: HK$0.9 million; 2023: HK$1.0 million), other payables and accruals (2024: HK$15.4 million; 2023: HK$9.6 million), amount due to an associate (2024: HK$1.1 million; 2023: Nil) and provision for close down and restoration costs of Sifa mine (2024: Nil; 2023: HK$11.8 million).

Other payables and accruals mainly consisted of accruals for directors' emoluments, staff costs, auditor's remuneration, legal and professional fees and rental payable. The increase in other payables and accruals was mainly due to the commencement of trading and distribution of routers products business in the PRC during the reporting period, which results in higher operational expenses and payables.

Short-term borrowings

As at 31 December 2024, the Group had outstanding short-term borrowings of approximately HK$10,469,000 (2023: Nil). The Group has unsecured, fixed interest-rate other borrowings which carry interest ranging from 12.00% to 14.40% per annum.

Liquidity and gearing ratio

The net liabilities of the Group attributable to owners of the Company as at 31 December 2024 amounted to HK$11.7 million when compared to the net asset value attributable to owners of the Company of HK$28.0 million as at 31 December 2023. As at 31 December 2024, the Group had net current liabilities of approximately HK$15.5 million when compared to that of HK$21.8 million as at 31 December 2023.

As at 31 December 2024, the Group had a current ratio of 0.79 time (31 December 2023: 0.61 time). The Group's gearing ratios (defined as total interest-bearing short-term borrowings and lease liabilities divided by total equity) as at 31 December 2024 and as at 31 December 2023 were (78.9%) and (9.0%), respectively.

Capital commitments

As at 31 December 2024, the Group did not have any capital expenditure contracted for but not provided in the consolidated financial statements (31 December 2023: Nil).

Contingent liabilities

As at 31 December 2024, the Group did not have any contingent liabilities or guarantees (31 December 2023: Nil).

Material acquisitions and disposals of subsidiaries or associates

Connected Transaction and Very Substantial Acquisition — Acquisition of Interest in an Associate

On 27 September 2018, Shanghai Yuanjia International Trade Co., Ltd. ("Shanghai Yuanjia"), an indirect wholly-owned subsidiary of the Company, purchased and Shanghai Changying Investment Management Co., Ltd. (the "Vendor") sold 13.5% issued share capital of Beijing Feiying Changyou Technology Co., Ltd. ("Beijing Feiying") (the "Acquisition"). Following completion of the Acquisition, Shanghai Yuanjia held 33.5% of Beijing Feiying. The total consideration for the Acquisition was approximately RMB5,400,000 (equivalent to approximately HK$6,210,000), which was the Vendor's agreed subscription amount of Beijing Feiying's registered capital and the payment obligation for paid-up capital of Beijing Feiying has been transferred to Shanghai Yuanjia upon the completion of the Acquisition.

The Acquisition was approved by the Shareholders at a special general meeting of the Company held on 31 May 2024. Further information were set out in the Company's announcements dated 27 December 2019, 31 May 2024 and the circular dated 28 March 2024.

Disposal of subsidiaries from Discontinued Operation

On 23 December 2024, Richly Giant International Limited ("Richly Giant"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with an independent third party, pursuant to which Richly Giant agreed to sell 100% equity interest of China Yellow Stone Group for a total consideration of HK$100,000 (the "Disposal"). China Yellow Stone Group is principally engaged in the exploration, exploitation, refining and asset investment of mineral resources business (i.e. the "Discontinued Operation"). Subsequent to the Disposal of the Discontinued Operation, the Group ceased its Mining Business (i.e. the "Discontinued Operation").

The Disposal was completed on 23 December 2024, and the Disposal did not constitute a notifiable transaction under Chapter 14 of the Listing Rules or a connected transaction under Chapter 14A of the Listing Rules.

Save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries or associates during the year.

Future plans for material investments and acquisitions of capital assets

As at 31 December 2024, the Group did not have any plans for material investments or acquisitions of capital assets.

Employees and remuneration policies

As at 31 December 2024, the Group has in total 31 employees as compared to 34 employees as at 31 December 2023. All employees were remunerated according to the nature of their job duties and market trend. The Group provided staff welfare and fund contribution to its employees in accordance with the prevailing regulations in the PRC and Hong Kong.

During the year, there was no change in the remuneration policy, bonus scheme and share option scheme. The Group has a share option scheme which was expired on 28 May 2024 under which the Company may grant share options to the participants, including directors and employees, to subscribe for shares of the Company.

Significant investments held by the group

As at 31 December 2024, the Group maintained an unlisted fund investment, an unlisted equity investment and three listed equity investments in the PRC at fair value through profit and loss with a total fair value of approximately HK$0.6 million (31 December 2023: HK$1.9 million).

Subscriptions of new shares under general mandate

On 20 March 2024, the Company entered into the subscription agreements (the "2024 Subscription Agreements") with six independent subscribers (the "2024 Subscribers"), pursuant to which the Company has conditionally agreed to allot and issue to the 2024 Subscribers, and the 2024 Subscribers have conditionally agreed to subscribe for an aggregate of 30,000,000 subscription shares (the "2024 Subscription Shares") at the subscription price (the "2024 Subscription Price") of HK$0.26 per 2024 Subscription Share under the general mandate granted by the Shareholders at the annual general meeting of the Company held on 23 May 2023 (the "2024 Subscription").

The 2024 Subscription Price of HK$0.26 per 2024 Subscription Share represented: (i) a premium of approximately 10.6% over the closing price of HK$0.235 per share as quoted on the Stock Exchange on the date of the 2024 Subscription Agreements; (ii) a premium of approximately 1.6% over the average closing price of approximately HK$0.256 per share as quoted on the Stock Exchange for the last five (5) trading days immediately before the date of the 2024 Subscription Agreements; and (iii) a premium of approximately 88.4% over the unaudited consolidated net asset value attributable to the Shareholders of approximately HK$0.138 per share as at 30 June 2023.

Pursuant to the Company's announcement on 14 May 2024, two of the 2024 Subscribers terminated their respective subscription agreement with the Company.

Pursuant to the Company's announcement on 3 June 2024, the Company announced that all the conditions precedent set out in the 2024 Subscription Agreements have been fulfilled, and completion of the 2024 Subscription with the remaining 2024 Subscribers took place on 3 June 2024 in accordance with the terms and conditions of the 2024 Subscription Agreements.

An aggregate of 26,000,000 2024 Subscription Shares, representing approximately 10.94% of the issued share capital of the Company as enlarged by the issue and allotment of the 2024 Subscription Shares, have been allotted and issued to the remaining 2024 Subscribers at the 2024 Subscription Price of HK$0.26 per 2024 Subscription Share. The net proceeds (after deduction of all relevant expenses) from the subscriptions of approximately HK$6.72 million would be applied as general working capital of the Group.

Subsequent events

On 8 January 2025, the Company entered into subscription agreements with two independent third parties (the "Subscribers"), pursuant to which the Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 16,000,000 shares of HK$0.26 each for a cash consideration of approximately HK$4.16 million ("the 2025 Subscriptions"). The 2025 Subscribers were Mr. Lei Yongjia (雷勇佳) and Ms. Cheung Ha (張霞). On 22 January 2025, the 2025 Subscriptions have been completed. The net proceeds (after deduction of all relevant expenses) from the Subscriptions of approximately HK$4.12 million will be applied as general working capital of the Group. Further details were set out in the Company's announcement dated 8 January 2025 and 22 January 2025.

Save as disclosed above, there is no other significant events subsequent to the reporting period.

Charge of assets

As at 31 December 2024, the Group had no charge on assets (31 December 2023: Nil).

FINAL DIVIDEND

The Board do not recommend the payment of any dividend in respect of the year (2023: Nil).

OPERATIONAL REVIEW

Market Overview

According to statistics from the Ministry of Industry and Information Technology of the People's Republic of China ("MIIT"), there are approximately 1.8 billion subscribers to mobile phone services in the PRC. While competition among major mobile phone manufacturers remains intense, they are attempting to streamline the distribution process by supplying directly to provincial distributors and leading retailers in order to enhance their profitability. Consequently, these distributors are adopting multi-channel distribution models that include "national distribution", "provincial distribution", "direct to retail", and "direct to operator".

Mobile carriers play a crucial role in the mobile phone industry ecosystem. Recent restructuring and the introduction of 5G licenses have intensified competition among carriers. By collaborating with retailers, especially large telecommunications chain stores, mobile carriers can leverage deep insights into customer behaviors and spending patterns. This partnership enables more professional, convenient, and integrated customer services. Consequently, large mobile telecommunications chain stores are anticipated to become the primary sales channel for bundled mobile phone offerings.

While mobile phone market in the PRC has reached saturation, the 5G economy continues to experience substantial growth. With the nationwide 5G commercialisation and telecom operators rolling out comprehensive data plans, the PRC has accelerated its 5G infrastructure development. By the end of 2024, telecom operators are projected to have deployed approximately 4.2 million 5G base stations. Over 950 million mobile phone users are expected to adopt 5G services, representing more than 65% of mobile users and accounting for nearly 70% of global 5G base stations.

Looking ahead, the PRC plans to install approximately 700,000 additional 5G base stations in 2025 to further enhance its next-generation mobile network. At the same time, the country is actively preparing for research and development in 6G wireless technology, aiming to sustain its technological leadership in mobile communications.

6G is the next mobile network technology that will follow 5G, which is still being implemented in many countries. The PRC, with the largest internet user base and smartphone market, has already established extensive 5G infrastructure. By the end of 2025, the PRC aims to have 26 5G base stations for every 10,000 people. Given the estimated national population, this means the country plans to have approximately 3.7 million 5G base stations by that time.

In 2024, the mobile phone market in the PRC experienced a decline, driven by international trade tensions, economic instability, and a reduction in consumer spending. Despite these challenges, the ongoing advancements in 5G and 6G network technologies present a promising opportunity to counterbalance these headwinds, with a gradual market recovery anticipated in the coming years. We are encouraged by the progress made in restructuring our network and business strategies. These efforts are focused on strengthening our financial performance through strategic initiatives and operational enhancements, positioning us for sustained growth and resilience in a dynamic market landscape.

Business Review

Mobile Phone and Electronic Products Business

The trading and distribution of mobile phones and electronic products remained the Group's primary business in current year, solely contributing to its overall revenue. During the current year, the Group secured the master distributorship for the "PHILIPS" brand in the PRC, Hong Kong, and Macau for routers and related electronic products. We anticipate that this business will experience steady growth in the coming years and will continue to be a core part of the Group's business moving forward.

In 2024, Changsha Changyuan Angxun Shuangyu Network Technology Co., Ltd.* (長沙長遠昂訊雙漁網絡科技股份有限公司), an indirect 51% owned subsidiary of the Company incorporated in the PRC ("the Distributor"), entered into the master distribution agreement with TPV Audio and Visual Technology (Shenzhen) Co., Ltd. (冠捷視聽科技(深圳)有限公司) (the "Licensor"), pursuant to which the Licensor granted the Distributor a license to distribute "PHILIPS" brand routers and related electronic products in the channels including permitted digital channels in the region including the PRC, Hong Kong and Macau for a term of five years.

The Licensor is a company incorporated in the PRC with limited liability, a subsidiary of TPV Technology Co., Ltd., which was listed on the Shenzhen Stock Exchange and specialise in the research and development and sales of consumer electronic products.

The Group intends to maintain the continual operation of its existing principal businesses, the Company has recently been exploring and identifying other potential business and investment opportunities, aims in expanding and diversifying the Group's existing business portfolio in order to broaden its sources of income. By doing so, the Company aims to achieve sustainable growth in the long run, ultimately benefiting the shareholders.

A suitable investment opportunity has arisen and the Group intends to expand its principal businesses by engaging in "PHILIPS" brand relevant electronic products distribution business in the aforesaid markets, through distribution and licensing collaboration. As of December 2023, the total number of fixed internet broadband access users of the three basic telecommunications companies in the PRC reached 636 million households, and the number of households with access above 100M data usage reached 601 million, represented 94.5% of total number of the PRC users.

The edge cloud router is an intelligent AI edge computing router with comprehensive capabilities including content distribution, edge computing, cloud storage, advertising revenue, hardware upgrade, and distributed intelligent AI router functionalities. The router not only provides high-quality router products but also actively promotes technological innovation and ecological development. The Group is committed to delivering user-centric intelligent, high-efficiency network services through comprehensive intelligent home terminal architecture construction, we have also developed a user-centered, distributed edge computing network distribution platform, emerging as a global leader in AI edge cloud computing technology services. By integrating home and enterprise resource optimisation, we aim to maximise resource sharing and value creation for users, driving value generation and continuously propelling industry-wide advancement and development.

We estimate sales of approximately 50,000 "PHILIPS" routers from 2024 to 2025, with an anticipated gross margin of around 10%. As the "PHILIPS" router trading and distribution business is currently in its initial and development stages, we expect a 20% annual increase in sales of units, which might enhance the gross margin as purchase orders increase and productivity becomes more efficient. In 2024, the higher gross profit and gross profit margin of the Group were associated with the trading of "PHILIPS" routers, this positive impact showcasing potential for future growth.

The Group is actively engaged in the trading, wholesaling and retailing of mobile phones and electronic products in the PRC and Hong Kong, and with the accelerated development of value-added business driven by the convergence of mobile telecommunication and internet, we intend to constantly realise business growth through broadening markets, products and distribution channels in a diversified manner.

Mining Business

On 23 December 2024, Richly Giant International Limited ("Richly Giant"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with an independent third party, pursuant to which Richly Giant agreed to sell 100% equity interest of China Yellow Stone Group for a total consideration of HK$100,000 (the "Disposal"). China Yellow Stone Group is principally engaged in the exploration, exploitation, refining and asset investment of mineral resources business (i.e. the "Discontinued Operation"). Subsequent to the Disposal of the Discontinued Operation, the Group ceased its Mining Business (i.e. the "Discontinued Operation").

The Disposal was completed on 23 December 2024.

Prospects and Outlook

The PRC economy is still showing signs of slowdown due to the ongoing US-China trade war. The Group believes that the consumption and retail sectors will continue to be impacted by this trade conflict, which presents an uncertain outlook for the coming years. While the mobile phone market in the PRC remains strong, its growth is clearly slowing down as a result of the trade pressure from the US, which is hindering economic growth in the PRC.

However, the continued economic growth in the PRC is fuelled by a high internal consumption. As the world's largest mobile handset market, there were approximately 1.8 billion handset subscribers in the PRC which benefit from preferential mobile internet traffic policies. The significant increase in 5G users and internet users implies that there are huge business opportunities in both mobile application and mobile commerce. Since the Group has been in the related mobile phone industry for decades, big data, mobile phone operating system and mobile internet would be surely the key business areas that the Group is interested in.

As the technology for 5G telecommunications has advanced, it is now ready for widespread deployment. Recent developments in the Chinese market, along with our proactive approach to building a strong 5G presence, position us to take advantage of the expanding global economy. We will closely monitor changes and explore opportunities in Hong Kong and ASEAN trading markets.

As 5G technology becomes increasingly prevalent, it will significantly enhance customer experiences. This advancement will facilitate real-time intelligence and support for smart devices and applications. Additionally, the evolving dynamics of the mobile phone market, including challenges faced by wholesalers and retailers, may prompt customers to seek alternatives that could impact our overall performance.

Looking ahead, we will continue to focus on technological advancements and market diversification to strengthen our competitive edge. By aligning our strategies with emerging trends and maintaining operational efficiency, we aim to deliver long-term value to our stakeholders and ensure robust growth in the years to come.

Increase efforts to promote environmental friendly bag automatic bag taking machine and related database traffic monetisation business ("Daizhangmen")

The "Daizhangmen" business combines intelligent Internet of Things ("IoT") technology with the distribution of eco-friendly bags to customers. By reducing the demand for traditional environmental protection bags and utilising the IoT system along with a free model, it aims to generate online traffic and match that traffic effectively. This approach seeks to create a closed loop for monetising database traffic, fulfilling the social value of environmental protection while tapping into the significant commercial potential of the new environmental protection industry.

In 2020, the PRC Environmental Protection Bureau announced a ban on non-degradable plastic bags by 2025, reflecting the government's strong focus on reducing plastic pollution. In 2021, the Group launched a business offering eco-friendly bags through automated machines, generating revenue from sales, usage fees, and maintenance. These machines are widely used in hospitals, supermarkets, and residential areas. In 2022, a technical team was formed to enhance the bag-taking process, using data and feedback to improve efficiency and user experience. In 2023, the Group aims to expand its presence in Daizhangmen, focusing on eco-friendly bags and machines. The free product model is expected to boost market competitiveness.

In 2024, Daizhangmen introduced a new business model focused on monetisation database traffic through private community e-commerce. This model aims to retain users of eco-friendly bags by engaging them in WeChat community groups. It highlights a high repurchase rate among domestic consumers and suggests that user monetisation could yield greater returns compared to traditional advertising. Additionally, the technical team also developed desktop power bank mobile recharging services to attract restaurant customers, further enhancing its revenue streams.

We will continue to lead with innovation, striving to achieve new milestones and explore fresh opportunities. By fostering strategic partnerships, we aim to build a strong foundation for the company's stable growth and long-term success. Looking ahead, we remain confident in the potential of the environmental products and services sector in the PRC. At the same time, we are committed to maintaining a robust financial position and efficient operations. We will stay vigilant in identifying new business initiatives to drive growth and enhance value.

USE OF PROCEEDS

The 2023 Subscriptions

Subscriptions of new shares under general mandate

On 27 March 2023 and 30 March 2023, the Company entered into subscription agreements with six subscribers, all being independent third parties (the "2023 Subscribers"), pursuant to which the 2023 Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 28,000,000 shares of HK$0.26 each ("the 2023 Subscription Shares") for a cash consideration of approximately HK$7.3 million ("the 2023 Subscriptions").

The closing price per Share as quoted on the Stock Exchange on 27 March 2023 and 30 March 2023, being the date of the subscription agreements, were HK$0.295 and HK$0.295, respectively. The net proceeds from the 2023 Subscriptions, after deduction of relevant costs and expenses, is estimated to be approximately HK$7.2 million. The net subscription price per subscription share, after deduction of relevant costs and expenses, is estimated to be approximately HK$0.256 per subscription share.

On 4 July 2023, the 2023 Subscriptions have been completed. The net proceeds (after deduction of all relevant expenses) from the 2023 Subscriptions of approximately HK$7.2 million will be applied as general working capital of the Group.

During the year ended 31 December 2024, there is no change to the intended use of the net proceeds disclosed as above.

The table below sets out the net proceeds and the actual usage up to 31 December 2024:

	Allocation of net proceeds as disclosed in the 2023 Subscriptions	Unutilised amount as at 31 December 2023	Utilised amount during the year ended 31 December 2024	Utilised amount up to 31 December 2024	Unutilised amount as at 31 December 2024
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
General working capital	7,160	3,901	3,901	7,160	–

The 2024 Subscriptions

Subscriptions of new shares under general mandate

On 20 March 2024, 14 May 2024 and 22 May 2024, the Company entered into subscription agreements with four subscribers, all being independent third parties (i.e. the 2024 Subscribers), pursuant to which the 2024 Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 26,000,000 2024 Subscription Shares of HK$0.26 each for a cash consideration of approximately HK$6.76 million. The 2024 Subscribers were Mr. Liu Xiaocheng (劉小城), Mr. Su Xing (蘇行), Ms. Yang Ping (楊平) and Mr. Li Guohui (李國輝).

The closing price per Share as quoted on the Stock Exchange on 20 March 2024, being the date of the subscription agreements, was HK$0.235. The net proceeds from the 2024 Subscriptions, after deduction of relevant costs and expenses, is estimated to be approximately HK$6.72 million. The net subscription price per subscription share, after deduction of relevant costs and expenses, is estimated to be approximately HK$0.259 per subscription share.

On 3 June 2024, the 2024 Subscriptions have been completed. The net proceeds (after deduction of all relevant expenses) from the 2024 Subscriptions of approximately HK$6.72 million will be applied as general working capital of the Group. Further details were set out in the Company's announcements dated 20 March 2024, 14 May 2024, 22 May 2024 and 3 June 2024.

During the year ended 31 December 2024 and up to the date of this announcement, there is no change to the intended use of the net proceeds disclosed as above.

The table below sets out the net proceeds and the actual usage up to 31 December 2024:

	Allocation of net proceeds as disclosed in the 2024 Subscriptions	**Utilised amount during the year ended 31 December 2024**	**Unutilised amount as at 31 December 2024**	**Expected timeline for using the unutilised proceeds**
	HK$'000	*HK$'000*	*HK$'000*	
General working capital	6,720	5,458	1,262	Before 31 December 2025

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2024 and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

Materials Events after the Reporting Period

On 8 January 2025, the Company entered into subscription agreements with independent third parties (the "Subscribers"), pursuant to which the Subscribers have conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 16,000,000 shares of HK$0.26 each for a cash consideration of approximately HK$4.16 million ("the 2025 Subscriptions"). The 2025 Subscribers were Mr. Lei Yongjia (雷勇佳) and Ms. Cheung Ha (張霞). On 22 January 2025, the 2025 Subscriptions have been completed. The net proceeds (after deduction of all relevant expenses) from the Subscriptions of approximately HK$4.12 million will be applied as general working capital of the Group. Further details were set out in the Company's announcement dated 8 January 2025.

Save as disclosed above, there is no other significant events subsequent to the reporting period.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") as set out in Part 2 of Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2024, with deviations as stated below:

Code Provision C.2.1 and B.2.2

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separated and should not be performed by the same individual but Mr. Lau Siu Ying ("Mr. Lau") currently assumes both roles of the Chairman and the Chief Executive Officer of the Company.

Code Provision B.2.2 states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, Mr. Lau, being the Chairman of the Board, does not need to retire by rotation. Mr. Lau has been in charge of the overall management of the Company since its incorporation.

As a result, although Mr. Lau does not need to retire by rotation and assumes both roles of the Chairman and the Chief Executive Officer of the Company, the Board considers that such arrangement at the current stage of development of the Group can facilitate the execution of its business strategies and maximise the effectiveness of its operations. Nevertheless, through the supervision from the Board including the Independent Non-executive Directors, the interests of the shareholders should be adequately and fairly considered.

AUDIT COMMITTEE

The Company has formulated written terms of reference for the Audit Committee in accordance with the requirements of the Listing Rules. As at the date of this announcement, the Audit Committee comprises three Independent Non-executive Directors, Mr. Leung Wai Hung (Chairman of the Audit Committee), Dr. Law Chun Kwan and Dr. Lo Wai Shun.

The primary responsibilities of the Audit Committee include reviewing the reporting of financial and other information to the shareholders, the system of internal controls, risk management and the effectiveness and objectivity of the audit process. The Audit Committee also provides an important link between the Board and the auditors of the Company in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors. The Audit Committee has discussed with the management of the Group, reviewed and approved the annual results for the year ended 31 December 2024.

SCOPE OF WORK OF SFAI (HK) 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 the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, SFAI (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SFAI (HK) 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 Engagement issued by the HKICPA and consequently no assurance has been expressed by SFAI (HK) CPA Limited on the preliminary announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Securities Dealing Code on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules to regulate the Directors and employees' dealings in the Company's securities. Having made specific enquiry to all the Directors, all of them confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the year from 1 January 2024 to the date of this announcement. No incident of non-compliance of the Securities Dealing Code by the relevant employees was noted by the Company.

PUBLICATION OF AUDITED ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement was published on the website of the Stock Exchange at http://www.hkexnews.hk and on the Company's website at http://www.chinafortune.com. The annual report for the year ended 31 December 2024 containing all the information required by Appendix D2 of the Listing Rules is expected to be published in April 2025 on the same websites and will be despatched to the shareholders of the Company by no later than 30 April 2025.

APPRECIATION

The Board would like to express its sincere appreciation to the Company's shareholders, customers, suppliers and staff for their continued support to the Group.

By Order of the Board
China Fortune Holdings Limited
Lau Siu Ying
Chairman and Chief Executive Officer

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Lau Siu Ying, Ms. Lau Zi Yin, Michelle and Mr. Li Jianwu; and three independent non-executive directors, namely Dr. Law Chun Kwan, Dr. Lo Wai Shun and Mr. Leung Wai Hung.