AUTO ITALIA HOLDINGS LIMITED
意 達 利 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)
Stock Code: 720

ANNUAL REPORT **2024**

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. CHONG Tin Lung Benny *(Executive Chairman and Chief Executive Officer)*
Mr. LI Shaofeng
Mr. LIN Chun Ho Simon

Non-executive Director

Ms. HANG Qingli (appointed on 26 November 2024)

Independent Non-executive Directors

Mr. KONG Kai Chuen Frankie
Mr. TO Chun Wai
Dr. SHAM Chung Ping Alain

BOARD COMMITTEES

Audit Committee

Mr. KONG Kai Chuen Frankie *(Chairman)*
Mr. TO Chun Wai
Dr. SHAM Chung Ping Alain

Remuneration Committee

Mr. TO Chun Wai *(Chairman)*
Mr. CHONG Tin Lung Benny
Mr. KONG Kai Chuen Frankie
Dr. SHAM Chung Ping Alain

Nomination Committee

Mr. CHONG Tin Lung Benny *(Chairman)*
Mr. KONG Kai Chuen Frankie
Mr. TO Chun Wai
Dr. SHAM Chung Ping Alain

Executive Directors' Committee

Mr. CHONG Tin Lung Benny *(Chairman)*
Mr. LIN Chun Ho Simon

COMPANY SECRETARY

Ms. KWONG Yin Ping Yvonne

AUTHORISED REPRESENTATIVES

Mr. CHONG Tin Lung Benny
Ms. KWONG Yin Ping Yvonne

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As to Bermuda Law
Ocorian Law (Bermuda) Limited

AUDITOR
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Certified Public Accountants
Registered Public Interest Entity Auditor
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA
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STOCK CODE
The Stock Exchange of Hong Kong Limited: 720

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CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of Auto Italia Holdings Limited (the "**Company**"), I am pleased to present to you the annual report of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024 (the "**Reporting Period**").

The year 2024 has been a challenging one for businesses worldwide, and our company was no exception. The global macroeconomic environment remained uncertain, exacerbated by rising geopolitical tensions and increasing complexities in international relations. These external factors have inevitably impacted our performance, resulting in a consolidated loss attributable to owners of the Company of approximately HK$102.1 million for the Reporting Period. This loss was primarily driven by unrealized fair value losses on our investment in an associate measured at fair value through profit or loss.

Despite these challenges, we remained steadfast in our commitment to long-term growth and strategic transformation. A key milestone during the year was the successful acquisition of a new energy vehicle (NEV) business in October 2024. This acquisition aligns with our vision to capitalise on the manufacturing strengths in China and leverage the immense market potential of the NEV sector. We firmly believe that this strategic initiative will not only diversify our business portfolio but also create valuable synergies that enhance our overall competitiveness. By integrating this new business, we are positioning ourselves for sustainable growth in an industry that is set to redefine the future of mobility.

Looking ahead, we recognize the importance of financial resilience in navigating an evolving economic landscape. As such, our management team will proactively seek opportunities to optimise our financial position and alleviate financial cost pressures. We will remain prudent in capital management while exploring avenues to enhance operational efficiency and business sustainability.

On behalf of the Board, I extend my sincere gratitude to our Shareholders for their unwavering loyalty and support. I would also like to express appreciation to our customers, principals, suppliers, and business partners for their continued engagement with the Group. Furthermore, I want to recognize and commend the remarkable efforts and dedication of our management team and employees during these uncertain times.

CHONG Tin Lung Benny
Executive Chairman & Chief Executive Officer

Hong Kong, 28 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Property Investment Division

For the year ended 31 December 2024, the Property Investment Division recorded a rental income of HK$26.6 million for leasing the properties of the Group to third parties in Hong Kong and Scotland (2023: HK$31.7 million). The decrease of HK$5.1 million rental income was mainly due to a temporary adjustment in leasing revenue in Scotland resulting from the early termination of a lease by one tenant in 2024.

Car Division

For the year ended 31 December 2024, the Car Division recorded a revenue of HK$4.7 million, decline from HK$15.8 million in 2023, primarily due to a challenging macroeconomic environment, intensified market competition, and a lack of manufacturer support for brand promotion. The increasing market share of new energy vehicles (NEVs), driven by local government incentives, further impacted demand for traditional luxury cars. Additionally, aggressive pricing strategies by competing dealerships led to further pressure on sales performance.

Despite these challenges, the Division recorded HK$1.2 million in revenue from the export sale of electric vehicles to various European countries. This reflects the financial contribution of Hudson Holding Limited, which was acquired by the Group on 29 October 2024. This positive development highlights the Group's strategic efforts to diversify revenue streams and capture opportunities in the growing NEV market.

Financial Investments and Services Division

Amid the prevailing market turbulence, the Group has adopted a cautious approach in its lending business to mitigate the risk of loan defaults and non-performing debts. As at 31 December 2024 and 2023, the Group did not have any outstanding loan lent to customers. Hence, no revenue was recorded.

Cost of Sales and Gross Profit

Gross profit decreased by HK$8.5 million to HK$20.5 million (2023: HK$29.0 million). The decrease was affected by the performance of the Car Division and the Property Investment Division.

As a result of the shift in revenue distribution between the Car Division and the Property Investment Division, our consolidated gross margin increased by 4.3 percentage points, reaching 65.4% for the current reporting period (2023: 61.1%).

Other Income

For the year ended 31 December 2024, other income amounted to HK$0.9 million (2023: HK$0.5 million). The increase of HK$0.4 million was mainly contributed by bank interest income of time deposits maintained in United Kingdom.

Other Gains and Losses

Other gains and losses amounted to a net loss of HK$55.4 million (2023: HK$174.9 million) which mainly represented unrealized fair value loss of investment of an associate of HK$76.1 million (2023: HK$120.6 million) measured at fair value through profit or loss and fair value gain of investment properties of HK$26.2 million (2023: fair value loss of HK$52.6 million).

Selling and Distribution Costs and Administrative Expenses

Selling and distribution costs and administrative expenses in 2024 aggregated to HK$29.9 million (2023: HK$37.8 million). The net decrease of HK$7.9 million was mainly attributed to decrease in legal and professional fee, depreciation expense, staff cost and marketing expense.

Finance Costs

Finance costs during the year were increased to HK$33.8 million (2023: HK$23.6 million) which was mainly caused by increase in interest on bank and other borrowings by HK$10.2 million to HK$30.0 million (2023: HK$19.8 million).

Life Science Investment section

As at 31 December 2024, the Group held 51,847,997 Series A preferred Shares of Chime Biologics Limited ("**CBL**"). The principal activity of CBL is provision of biologics contract development and manufacturing services. The Group's investment cost in CBL was US$32 million.

For the full year ended 31 December 2024, CBL generated unaudited consolidated adjusted revenue of US$37.3 million (2023: US$40.0 million) and recorded unaudited consolidated adjusted operating loss of US$3.3 million (2023: loss of US$2.3 million). At 31 December 2024, the fair value of this investment decreased to HK$40.4 million (December 2023: HK$117.1 million) and represents around 5.1% (December 2023: 18.6%) of the total assets of the Group. The decrease was mainly caused by the unfavorable market condition during the period.

Our investment holding strategy meticulously considers both strengthening our portfolio's resilience and aligning our asset allocation with our long-term growth goals to ensure a balances and prosperous financial future. We are assessing various strategic options for our investment in CBL with the aim of optimising our financial position, ensuring long-term business sustainability, and enhancing operational efficiency in alignment with our overall business objectives.

Loss Attributable to Shareholders

Loss attributable to shareholders of the Company for the year was HK$102.1 million (2023: HK$179.3 million). It was primarily caused by an unrealized fair value loss of investment of an associate of HK$76.1 million measured at fair value through profit or loss (2023: HK$120.6 million) and finance cost of HK$33.8 million incurred in 2024 (2023: HK$23.6 million).

Liquidity and Financial Resources

Cash Flow

During the year ended 31 December 2024, the Group financed its operations and investments through cash generated from the Group's operations, as well as bank and other borrowings. The Group successfully secured a borrowing of HK$30.6 million. Additionally, the Group repaid bank and other borrowings of HK$18.5 million.

Cash and Cash Equivalents

As at 31 December 2024, the Group had cash and cash equivalents (including pledged bank deposits) of HK$21.4 million as compared with HK$26.9 million as at 31 December 2023, which were denominated in Pound Sterling (as to 74.5%), Hong Kong dollars (as to 23.6%) and Renminbi (as to 1.7%).

Bank and Other Borrowings, Loan from a non-controlling member of a subsidiary, Loan from a related party and Promissory Note

As at 31 December 2024, the Group had bank and other borrowings, loan from a non-controlling member of a subsidiary, loan from a related party and promissory notes totaling HK$481.6 million (2023: HK$394.9 million), of which HK$197.1 million were repayable more than one year (2023: HK$97.8 million were repayable more than one year). The Group's debt to equity ratio for the year ended 31 December 2024 decreased to 180.0% from 186.9% for the year ended 31 December 2023 based on the total of bank and other borrowings, loan from a non-controlling member of a subsidiary, loan from a related party and promissory notes totaling HK$481.6 million (2023: HK$394.9 million) and total equity of HK$267.5 million (2023: HK$211.3 million).

The decrease in debt to equity ratio resulted from the combined effects to an increase in equity, driven by the issuance of shares for the acquisition of EV business, and a rise in other borrowings and issuance of promissory notes.

The bank borrowing represents a bank loan which was secured by an investment property in Hong Kong and pledged bank deposit which is repayable in instalments over a period of 3 years, with a repayment on demand clause and carry interest at variable market rates of Hong Kong Interbank Offered Rate plus 2% per annum. The bank borrowing balance with accrued interest as at 31 December 2024 are HK$20.4 million (2023: HK$29.1 million). The promissory note has maturity of five years until March 2026 and carries interest at 8% per annum ("**Promissory Note 1**"). Subsequent to the Reporting Period, Promissory Note 1 has been extended with the new maturity date of March 2028. Due to the acquisition of Hudson Holding Limited, the Company issued another promissory notes having maturity of 3 years and without interest ("**Promissory Notes 2**"). For the year ended 31 December 2024, the Group incurred interest expense of HK$2.2 million, the balance of Promissory Note 1 as at 31 December 2024 is HK$31.9 million. The fair value of Promissory Notes 2 as at 31 December 2024 is HK$45.8 million.

The other borrowings of HK$242.1 million, secured by an investment property in Scotland ("**Other Borrowings 1**"), and loan from a non-controlling member of a subsidiary have maturity in October 2025 and carry interest at 8.5% and 10% per annum respectively. The other borrowing of HK$91.7 million is unsecured, carries interest at 9% per annum and scheduled to mature in April 2026 ("**Other Borrowings 2**"). Subsequent to the Reporting Period, Other Borrowings 2 has been extended with the new maturity date of April 2028. The remaining balance of the other borrowings, totaling HK$27.7 million is unsecured, carries interests at 2 to 3.95% per annum with the same lender and have maturity of 3 years until 2027 ("**Other Borrowings 3**"). For the year ended 31 December 2024, the Group incurred interest expense of HK$28.4 million in total on Other Borrowings 1, Other Borrowings 2 and Other Borrowings 3 (collectively "**Three Other Borrowings**") and HK$1.0 million on loan from a non-controlling member of a subsidiary. The Group also repaid interest of HK$21.5 million on Other Borrowings 1. As at 31 December 2024, the total balance of Three Other Borrowings is HK$361.5 million and loan from a non-controlling member of a subsidiary is HK$11.4 million.

Loan Receivables

During the current period of market distress, the Group has continued to adopt a prudent and cautious approach to balance the return and risk of the financing activities. As at 31 December 2024 and 2023, the Group did not have any outstanding secured loan lent to customers.

Foreign Exchange Exposure

The Group currently does not have a foreign currency hedging policy. The Group manages its foreign exchange exposure by monitoring the matching of the currency of its debt with (i) the collateral assets; and (ii) the debt servicing income derived from its business activities. During the year, loan secured by property in Scotland was denominated in Pound Sterling and serviced by income from Scotland denominated in Pound Sterling.

Due to the weakness of the Pound Sterling over the period, a negative exchange difference arising on translation of foreign operations of approximately HK$4.9 million was recorded during the year (2023: positive exchange difference of approximately HK$6.4 million).

Pledge of Assets

As at 31 December 2024, certain of the Group's bank deposit and properties totaling HK$458.9 million (2023: bank deposit and properties totaling HK$444.3 million) were pledged as securities for relevant borrowings.

CAPITAL EXPENDITURES, COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2024, the Group had total capital commitment of HK$6.9 million (31 December 2023: Nil), all capital commitments as at 31 December 2024 are authorized but not contracted for. The capital commitment primarily related to addition of equipment for EV business. These capital commitments are expected to be financed by internal resources of the Group.

As at 31 December 2024 and 31 December 2023, the Group had no material contingent liabilities.

EVENTS AFTER REPORTING PERIOD

There are no material subsequent events after the end of the Reporting Period.

HUMAN RESOURCES AND CHARITY

As at 31 December 2024, the Group employed a total of 30 employees in Hong Kong and Mainland China. The Group believes that employees are all pivotal to our development and representing the most valuable asset for supporting our sustainable business growth. Total remuneration expenses in 2024 amounted to HK$10.3 million (2023: HK$12.1 million), which comprised fixed compensation such as basic salaries and allowances; variable incentives such as performance bonus; and long term incentives such as share-based payments as well as retirement benefits scheme. The decrease in total remuneration expenses for the year was primarily driven by the absence of share-based payment recognition (2023: HK$1.5 million) during the year.

As always, we not only provided competitive remuneration packages and benefits programs to our employees, but also provided reasonable and safe working environment, as well as supporting employee's continued education to uncover their hidden potential.

BUSINESS REVIEW

Property Investment

The property investment business has formed part of the Group's reportable segments since 2014. The property investment division of the Group oversees and reviews its property portfolio from time to time to enhance returns and holds investment properties to earn rentals or for capital appreciation purposes. The Company funds the operations of the property investment division with its internal resources and banking facility. Our property investments consist principally of a portfolio of an office building in Scotland, an industrial building and a car park in Hong Kong.

For our investment properties in Hong Kong and Scotland, the Group continued to earn a rental income of HK$2.3 million and HK$24.3 million respectively (2023: HK$2.3 million and HK$29.4 million respectively) from leasing the investment properties. During the year, the Group recorded an unrealised gain on fair value change of investment properties of HK$26.2 million (2023: fair value loss of HK$52.6 million).

As at 31 December 2024, approximately 86% of the total net internal area of Capella is subject to various tenancy agreements at a total rental of approximately GBP2.7 million per annum with the expiry date in February 2030 at the latest and a weighted average unexpired lease term to expiry of 3.87 years.

Cars

On 29 October 2024, the Group successfully completed the acquisition of Hudson Holding Limited (please refer to "The acquisition of Hudson Holding Limited" in the section headed "Material Acquisitions And Disposals of Subsidiaries, Associates And Joint Ventures" in this report for details). Leveraging on the extensive dealership experience and well-established network of Hudson Holding Limited, the Group aims to expand its car-related business into the European electric vehicle (EV) market through the acquisition.

Since completing the acquisition, we have made significant progress in our international expansion strategy, with a strong focus on strengthening our foothold in the European market. As part of this effort, the management team of EV operation conducted a multi-country visit, engaging with clients across various European nations. This initiative underscored our commitment to building robust partnerships and positioning the company as a key player in the region. The productive discussions held during this period resulted in the signing of several sales cooperation agreements, marking a pivotal step toward enhancing our market presence.

Strategic Agreements and Market Expansion

The sales cooperation agreements secured during these engagements are multifaceted, encompassing commitments to vehicle delivery, market promotion, and sales expansion. These agreements reflect the trust that our European clients place in our offerings and are poised to drive a meaningful increase in our sales volume throughout 2025. By aligning with strategic partners, we aim to capitalize on the growing demand for our EV products and services, ensuring that it remains competitive in a dynamic market landscape. A central focus of our client discussions was the development of collaborative market promotion strategies. By leveraging the local networks and expertise of our partners, we intend to amplify our reach and enhance market penetration across diverse European territories. This approach not only strengthens our distribution channels but also fosters a deeper understanding of regional consumer needs, enabling us to tailor our offerings effectively.

Product Validation and Client Confidence

Another critical component of our European strategy involved hands-on product testing with major clients. These sessions provided valuable opportunities to demonstrate the reliability and performance of our EV products under real-world conditions. The positive feedback received from these tests has reinforced our confidence in the market fit of our offerings, affirming their suitability for the European market. This validation is a key milestone, as it solidifies client trust and supports our efforts to scale operations in the region.

Strengthening Our Brand Foundation

Complementing these business development efforts, we achieved a significant milestone by successfully registering two trademarks in the European Union on November 26, 2024. This accomplishment is more than a procedural step–it represents a strategic investment in safeguarding our brand identity and intellectual property as we deepen our presence in the region. The newly registered trademarks enhance our legal protections and bolster our marketing initiatives, providing a solid foundation for building a recognizable and trusted brand across Europe.

For our Maserati dealership business in PRC, we curated a series of cross-marketing events such as jewelry appreciation, club gatherings, starlit camping and music festivals. These events were designed not only to facilitate Maserati owners in networking with elites across various industries and enhance brand loyalty but also to identify collaborative sales opportunities with other sectors. Moreover, we actively engaged in Maserati car shows showcasing the latest electric vehicle models and VIP test drive events. These initiatives successfully captured the interest of numerous potential customers, particularly those residing at a distance from our current showroom locations.

Financial Investments and Services

The Group holds a valid money lender license and successfully renew the license in January 2024. The Group also has adequate infrastructure to support the financial services division such as subscribing to the World-Check database system operated by Reuters to conduct comprehensive background checks of the borrowers and security providers.

To cope with the recent susceptible market sentiments and market volatility, the Group has continued to adopt a prudent and cautious approach to balance the return and risk of the financing activities. As at 31 December 2024 and 2023, the Group did not have any outstanding secured loan lent to customers.

Life Sciences Investment section

As of December 31, 2024, CBL achieved a significant milestone, amassing a contract backlog of US$97.2 million– a remarkable 105% increase from the previous year's number (US$47.4 million). This considerable growth underscores our strategic expansion and the effectiveness of our client engagement strategies.

CBL's leadership team was significantly strengthened this year with the addition of several top-tier executives, including a Senior Vice President to spearhead the ADC initiative, four Vice Presidents focused on business development, and a Director of cell line development. CBL's sales and marketing efforts were also amplified through active participation in key industry events, such as the Europe-China Biotech Business Forum 2024. These engagements have been instrumental in improving CBL brand image and attracting potential clients from the European market.

In 2025, CBL will continue to expand its CDMO business through geographical and business line expansion. Firstly, CBL will enhance its global presence by intensifying international client outreach, focusing particularly on the mature European market to boost revenue and margin growth in the main biologics and biosimilars CDMO segment. Secondly, CBL will venture into the new Antibody-Drug Conjugate (ADC) business line. Having started building early-stage ADC technical capabilities in the latter half of 2024, CBL is expected to offer early-stage ADC development services to its clients in 2025. This will create an additional growth trajectory alongside the existing antibody business line.

OUTLOOK

Taking into consideration the economic uncertainties owing to escalation of geopolitical tensions, the macro environment looks set to remain challenging for the Group. Our management team will proactively identify opportunities to optimise our financial position and mitigate financial cost pressures. We remain committed to prudent capital management while exploring strategies to enhance operational efficiency and ensure long-term business sustainability.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The acquisition of Hudson Holding Limited

References are made to the announcements of the Company dated 11 September 2024, 21 October 2024 and 29 October 2024.

On 11 September 2024, Racing Time Limited, an indirectly wholly-owned subsidiary of the Company ("**Racing Time**"), entered into a sale and purchase agreement (the "**Sale and Purchase Agreement**") with Power Sky Investments Limited ("**Power Sky**"), AB Holding Limited ("**AB Holding**") and Red Maple Holdings Limited ("**Red Maple**", and together with Power Sky and AB Holding, the "**Vendors**") pursuant to which Racing Time conditionally agreed to acquire, and the Vendors conditionally agreed to sell the entire issued share capital of Hudson Holding Limited (the "**Sale Shares**"), at a consideration of HK$165,900,000 (the "**Consideration**"), which shall be settled (a) as to HK$104,000,000 by the issue and allotment of the 800,000,000 consideration shares of the Company (the "**Consideration Share(s)**") to the Vendors at the issue price of HK$0.13 per Consideration Share and (b) as to the remaining balance of HK$61,900,000 by the issue of the promissory notes (the "**Promissory Notes**") in the principal amounts by Racing Time to the Vendors (the "**Acquisition**"). Hudson Holding Limited is a company incorporated in Samoa with limited liability and is principally engaged in investment holding and its subsidiaries are engaging in research and development, as well as the production and export of electric vehicles to the European market.

On 29 October 2024, the Company issued (a) the 800,000,000 Consideration Shares to the Vendors, representing approximately 13.13% of the enlarged issued share capital of the Company immediately after the allotment and issuance of the Consideration Shares, and (b) the Promissory Notes to the Vendors.

Pursuant to the Sale and Purchase Agreement, the Vendors irrevocably and unconditionally warrant and guarantee to Racing Time that the consolidated revenue of Hudson Holding Limited and its subsidiaries (the "**Hudson Group**") for the financial year or period commencing from 1 January 2025 to 31 December 2025 or an earlier date of fulfilment of the 2025 Guaranteed Revenue (whichever is the earlier) (the "**Guaranteed Period**"), prepared in accordance with the Hong Kong Financial Reporting Standards will not be less than RMB422,243,785 (equivalent to approximately HK$464,468,000) (the "**2025 Guaranteed Revenue**"). In the event that the actual consolidated revenue of the Hudson Group during the Guaranteed Period is less than the 2025 Guaranteed Revenue, Racing Time shall be compensated by the Vendors (in proportion to their respective Sale Shares sold to Racing Time) of the shortfall. The shortfall amount shall first be offset by the Consideration Shares. The residual amount (if any) of the shortfall amount shall then be offset by the face value of the Promissory Notes.

Given the potential adjustment on the Consideration, on 29 October 2024, each of the Vendors, Racing Time and VMS Securities Limited (the "**Escrow Agent**") entered into the escrow letter (the "**Escrow Letter**"), pursuant to which the Consideration Shares and Promissory Notes shall be held by the Escrow Agent.

Completion of the Acquisition has taken place on 29 October 2024 (the "**Completion**"). Upon the Completion, Hudson Holding Limited has become an indirect wholly-owned subsidiary of the Company, and the financial results of the Hudson Group will be consolidated into the consolidated financial statements of the Group.

The total issued Shares as at the date of this Report is 6,092,515,390 Shares.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2024.

DIRECTORS PROFILES

EXECUTIVE DIRECTORS

Mr. CHONG Tin Lung Benny

Executive Director, Executive Chairman and Chief Executive Officer

Mr. CHONG Tin Lung Benny, aged 52, has been appointed as an Executive Director of the Company with effect from 13 June 2013. He is also the Executive Chairman, Chief Executive Officer, the chairman of each of the Nomination Committee and Executive Directors' Committee and a member of the Remuneration Committee. Mr. Chong is a director of certain subsidiaries of the Company. Mr. Chong served as the Vice-Chairman of the Company for the period from 13 June 2013 to 24 October 2013 and the chairman of the Financial Control Committee for the period from 13 June 2013 to 28 March 2019. He is the founder and chairman of VMS Investment Group Limited ("**VMSIG**"), a substantial shareholder of the Company. Mr. Chong is the son of Ms. MAK Siu Hang Viola, who is the substantial shareholder of the Company. Mr. Chong is currently an executive director and chairman of the board of NEWTON RESOURCES LTD. (a company listed on the Main Board of the Stock Exchange, Stock Code: 1231). Mr. Chong is currently a director of CTF VMS Smart City Development Limited, a company incorporated in Hong Kong with limited liability, of which Mr. LI Shaofeng is also a director. In addition, Mr. Chong has also become a director of Chime Biologics Limited since January 2022. Mr. Chong has accumulated over two decades of experience in the financial and investments industry. VMSIG is the holding company of a group of companies principally engaged in the provision of proprietary investments and private equity. Mr. Chong is a Chartered Financial Analyst. He obtained a Bachelor of Commerce from the University of Toronto in 1994 and a Master of Science in Investment Management from the Hong Kong University of Science and Technology in 2000. Mr. Chong was subject to a reprimand by the SFC in 2003. For details, please refer to the Company's announcement dated 13 June 2013. No prosecution has been brought against Mr. Chong as a result.

Mr. LI Shaofeng

Executive Director

Mr. LI Shaofeng, aged 58, has been appointed as an Executive Director of the Company with effect from 28 February 2023. Mr. Li is a director of certain subsidiaries of the Company. He has obtained a bachelor degree in Automation from the University of Science and Technology Beijing. Mr. Li has more than 20 years of extensive experience in management of listed companies, mergers and acquisition and investments, and has a deep understanding in the automotive and components market. Prior to joining the Company, Mr. Li has served as a director of eight companies listed on Stock Exchange including but not limited to Shoucheng Holdings Limited (Stock Code: 697), Shougang Fushan Resources Group Limited (Stock Code: 639), Shougang Century Holdings Limited (Stock Code: 103) and Beijing West Industries International Limited (Stock Code: 2339) from March 2000 to October 2019. Mr. Li was a non-executive director of Mount Gibson Iron Limited (Australian Securities Exchange: MGX), a company listed on the Australian Securities Exchange Limited from February 2012 to December 2019. He is currently a director and the general manager of CTF VMS Smart City Development Limited, a company incorporated in Hong Kong with limited liability, of which Mr. Chong Tin Lung Benny is also a director.

Mr. LIN Chun Ho Simon
Executive Director

Mr. LIN Chun Ho Simon, aged 47, has been appointed as an Executive Director of the Company with effect from 13 June 2021. He is also a member of Executive Directors' Committee and the Chief Financial Officer of the Group (the Company and its subsidiaries). Mr. Lin joined the Group since July 2005, and has been appointed as Chief Financial Officer since 2017. He oversees the treasury management, financial reporting, risk management, mergers and acquisitions and company secretarial matters of the Group. He is also currently a director of certain subsidiaries of the Company. Mr. Lin has over 20 years of experience in accounting, financial management and auditing. Mr. Lin obtained a Master of Corporate Governance with distinction in 2020 and a Bachelor's Degree of Accountancy from the Hong Kong Polytechnic University in 2000. He is also a fellow of the Association of Chartered Certified Accountant, a fellow of the Hong Kong Institute of Certified Public Accountants, an international associate of the American Institute of Certified Public Accountant and is a fellow member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in United Kingdom.

NON-EXECUTIVE DIRECTOR

Ms. HANG Qingli
Non-executive Director

Ms. HANG Qingli, aged 50, has been appointed as a Non-executive Director of the Company with effect from 26 November 2024. Ms. Hang graduated from Shanghai Jiao Tong University in the People's Republic of China with a bachelor's degree in applied mathematics in 1995 and obtained a master's degree in business administration from the University of Pennsylvania in 2006. From 2019 to 2023, Ms. Hang worked at McKinsey & Company, a reputable international consultancy firm, with her last role as a manager. She has extensive experience and knowledge in business consulting, planning and implementation, especially in the areas of business growth and strategic development, environmental, social and governance initiatives, transformation of operation model, succession planning and business sustainability with clients served covering industries such as steel and mining, automotive and high-technology. Prior to that, Ms. Hang worked in the group companies of Shougang Group Co., Ltd.* (首鋼集團有限公司) ("Shougang") as an assistant general manager from 2010 to 2018 and as a senior manager from 2018 to 2019. She acquired vast experience in strategic planning, investment and acquisition and operation optimisation during her tenure of services with Shougang. She worked in Bekaert Management (Shanghai) Co., Ltd.* (貝卡爾特管理（上海）有限公司) ("**Bekaert**"), a multi-national corporation, as a manager of the China strategic development department and business development director from 2006 to 2010. Bekaert provided services to tire companies in China, which represented an important part of the automotive supply chain. She was also a manager and a senior manager in multi-national corporations from 1995 to 2010. Since July 2024, Ms. Hang has been an independent non-executive director of Newton Resources Ltd, a company listed on the Main Board of the Stock Exchange (Stock Code: 1231).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. KONG Kai Chuen Frankie

Independent Non-executive Director

Mr. KONG Kai Chuen Frankie, aged 61, has been appointed as an Independent Non-executive Director of the Company with effect from 21 June 2013. He is also the chairman of the Audit Committee and a member of each of the Nomination Committee and the Remuneration Committee. Mr. Kong is currently an independent non-executive director of Ka Shui International Holdings Limited (a company listed on the Main Board of the Stock Exchange, Stock Code: 822) and a consultant of CCT Consultants Limited. He is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Chartered Association of Certified Accountants (the United Kingdom). Mr. Kong has accumulated over 30 years' experience in accounting, auditing, corporate finance and project administration mostly from Hong Kong listed companies and multinational business conglomerates.

Mr. TO Chun Wai

Independent Non-executive Director

Mr. TO Chun Wai, aged 69, has been appointed as an Independent Non-executive Director of the Company with effect from 1 September 2020. He is also the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee. Mr. To is at present the chief executive officer of a Hong Kong registered consultancy company (namely Gung-ho Consultancy Company Limited), and an independent non-executive director of each of Greenheart Group Limited (a company listed on the Main Board of the Stock Exchange, Stock Code: 94), ISP Holdings Limited (formerly known as Synergis Holdings Limited) (a company listed on the Main Board of the Stock Exchange, Stock Code: 2340), DeTai New Energy Group Limited (a company listed on the Main Board of the Stock Exchange, Stock Code: 559) and Nova Group Limited (a company listed on the Main Board of the Stock Exchange, Stock Code: 1360). Mr. To spent most of his career with the Hong Kong Police, beginning in 1974 and rising up the ranks to Assistant Commissioner (Crime), being responsible for the overall charge of policy designs and operations of, among others, the Commercial Crime Bureau, Organized Crime & Triad Bureau, Criminal Intelligence Bureau, Financial Investigation Bureau (anti money-laundering), and Technology Crime Bureau, until his retirement in 2011. Mr. To was awarded the Police Meritorious Service Medal by the Chief Executive of the Hong Kong Special Administrative Region, in recognition of his long and staunch service and contribution to the Hong Kong society. From 2011 to 2012, he served as a part-time tutor at the University of Hong Kong. Between April 2013 and August 2018, he served as the chief strategic officer, chief operating officer, and a non-executive director of Integrated Waste Solutions Group Holdings Limited ("**IWS**") (a company listed on the Main Board of the Stock Exchange, Stock Code: 923), and sat on both the remuneration and nomination committees of IWS during his tenure of services. Mr. To has wide administrative and management experiences in both the public and private sectors, and holds a master degree of public administration from the University of Hong Kong.

Dr. SHAM Chung Ping Alain

Independent Non-executive Director

Dr. SHAM Chung Ping Alain, aged 70, is currently a practicing barrister in Hong Kong. He has been admitted as a barrister of High Court of Hong Kong in 1986, a barrister of High Court of Australia in 1991, and a barrister and solicitor of the Supreme Court of the Australian Capital Territory (ACT) in 1991. He was awarded the Bronze Bauhinia Star by the government of Hong Kong in 2016. He has been elected as a fellow of Society for Advanced Legal Studies (SALS), England in October 2002. Between May 1978 and March 2016, Dr. Sham worked for the government of Hong Kong, including the Department of Justice, with his last position as deputy director of public prosecutions. He has been an honorary advisor of the Staff Training Institute of Correctional Services Department since 2018. Dr. Sham obtained a bachelor degree of social science from The Hong Kong University in November 1978, a bachelor degree of laws from The University of Buckingham in February 1984, a postgraduate diploma in law and practice from The City University London in October 1985, a master degree of laws in Chinese law from The University of Hong Kong in December 2004 and a doctorate degree of laws* (法學博士) from China University of Political Science and Law in June 2005. Dr. Sham was an independent non-executive director of SEM Holdings Limited (Stock Code: 9929), a company listed on The Stock Exchange of Hong Kong Limited, from 22 January 2020 to 5 May 2023. Dr. Sham was also a director of The China Social and Legal Research Fund Company Limited, a company incorporated in Hong Kong limited by guarantee.

DIRECTORS' REPORT

The Directors present this Report and audited consolidated financial statements of the Group for the financial year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities and other particulars of the principal subsidiaries are set out in note 43 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group and a discussion and analysis of the Group's performance during the year ended 31 December 2024, a discussion on the Group's future business development and outlook of the Group's business are provided in the sections headed "Chairman's Statement" on page 4 and "Management Discussion and Analysis" on pages 5 to 13 of this Report respectively. These discussions form part of this Directors' Report.

Financial key performance indicators

	2024 HK$'000	2023 HK$'000	Change percentage
Total Revenue	**31,322**	47,504	-34.06%
Loss before taxation	**(97,631)**	(206,798)	52.79%
Bank and other borrowings, loan from a non-controlling member of a subsidiary, loan from a related party and promissory notes	**481,614**	394,923	21.95%
Equity attributable to owners of the Company	**212,587**	164,625	29.13%
Loss per Share – Basic	**(HK$1.93 cent)**	(HK$3.39 cent)	43.07%
Loss per Share – Diluted	**(HK$1.93 cent)**	(HK$3.39 cent)	43.07%
Dividend per Share	**0**	0	–
Dividend pay-out ratio	**0%**	0%	0%
Debt-to-equity ratio	**180.0%**	186.9%	-3.69%

Possible Risks and Uncertainties

Description of possible risks and uncertainties are provided in the sections headed "Chairman's Statement" on page 4, "Management Discussion and Analysis" on pages 5 to 13 and "Corporate Governance Report – Risk Management and Internal Control" on pages 47 to 49, respectively.

Compliance with Laws and Regulations

As at 31 December 2024 and up to the date of this Report, the Board was unaware of any non-compliance with the applicable laws and regulations, which included the Companies Act of Bermuda, the Listing Rules, Personal Data (Privacy) Ordinance, other laws and regulations that have a significant impact on the Company.

Staff Activities

The Group strives to help our employees to maintain a balance between their work and personal lives. In 2024, a couple of events were organised and they were all received by employees.

Environment

The Group recognizes the importance of environmental protection. Being a responsible company, we continue operating in a more environmental-friendly approach by using fewer natural resources, saving energy and reducing waste.

Corporate Social Responsibilities

Cherishing the idea of social commitment, we are dedicated to fulfilling our duties to the Shareholders, living up to the trust of our customers, benefiting our principal partners and contributing, with gratitude to our employees.

With the aim of delivering value to our Shareholders, customers and employees, we are also concerned about social well-being and so we always endeavor to fulfill our social responsibilities, thus creating a win-win situation for all stakeholders. Over the past years, the combination of responsible disposal of chemical wastage pursuant to government regulations, effective customer satisfaction index survey, energy conservation and proactive participation in local charity causes have achieved positive results.

Other information in relation to corporate social responsibilities are provided in the section headed "Environmental, Social, and Governance Report" on pages 56 to 84 of this Report.

Waste Disposal

All chemical by-products from our operations are handled and processed by government approved licensed partners to minimize the negative impact on the environment. In addition, these partners are evaluated by us on a regular basis to ensure that the services promised are duly delivered.

Energy Conservation

Re-investments in the latest equipment, building renovations and I.T. infrastructures resulted in significant reduction in our carbon footprint and healthier workshop place for both our customers and employees.

Customer Satisfaction and Protection

Comprehensive surveys and subsequent analysis on customer satisfaction allow us to keep our finger on the pulse of our customers, enabling us to create, modify or eliminate types of services offered to effectively and efficiently serve our clients. Moreover, we highly respect our customers' personal data and have devised a privacy policy on how we handle customers' personal data.

Business Partners

Our business partners set strict operational and financial standards for their network of authorized dealers. These standards are also audited by them regularly and we strictly comply with.

Awards

The Group has been awarded the Caring Company Logo 2024/25, launched by The Hong Kong Council of Social Service, the Caring Company Logo is awarded to companies which demonstrate good corporate citizenship. It aims to promote corporate social responsibility through caring for community, employees and the environment.

Future development and important events after the end of the financial year

Details of future development and important events of the Group after the end of the financial year are provided in the sections headed "Chairman's Statement" on page 4 and "Management Discussion and Analysis" on pages 5 to 13, respectively.

SEGMENTAL INFORMATION

Details of segmental information are set out in note 6 to the consolidated financial statements.

FINANCIAL STATEMENTS

The financial results of the Group for the year ended 31 December 2024 and the state of the Company and the Group's affairs as at that date are set out in the consolidated financial statements on pages 91 to 174 of this Report.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 175.

DIVIDEND POLICY

The dividend policy aims to set out the policy of the Company for the monies to be paid out to the Shareholders in dividend. The Company maintains a reasonable pay-out ratio situation. In the reasonable pay-out ratio situation, the Board considers the financial situation of the Company and maintains a reasonable percentage dividend pay-out ratio with a reference of the dividend pay-out ratios in the market, the same industry and the different industries. The dividend policy will be reviewed from time to time so as to keep in line with the future prospects and capital requirements of the Group and the changes in market conditions. The dividend policy of the Company dated 21 December 2018 is available on the Company's website at www.autoitalia.com.hk.

The Board considered the below factors in relation to the payment of the dividends for the year ended 31 December 2024:

(i) the financial results of the Company for the year end 31 December 2024;

(ii) the Shareholders' interests;

(iii) general business conditions and strategies;

(iv) our capital requirements;

(v) contractual restrictions on the payment of dividends by the Company to the Shareholders or by the subsidiaries of the Company to the Company;

(vi) taxation considerations;

(vii) possible effects on the Company's creditworthiness; and

(viii) statutory and regulatory restrictions.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil). No interim dividend was paid during the year ended 31 December 2024 (2023: Nil).

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Friday, 16 May 2025. For further details of the AGM, please refer to the notice of AGM, which will be despatched to the Shareholders by the means of receipt of communications they selected in due course.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

In order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming AGM, all transfers accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Monday, 12 May 2025. The register of members of the Company will be closed from Tuesday, 13 May 2025 to Friday, 16 May 2025 (both dates inclusive), during which period no transfer of Shares will be registered.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Share capital of the Company during the year are set out in note 31 to the consolidated financial statements. Information about the Share options of the Company and details of movements in the Share options of the Company during the year are set out in the "Share Option Schemes" section in this Report and in note 33 to the consolidated financial statements.

RESERVES

Details of movements in reserves of the Group and the Company during the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on page 95 and page 174 of this Report respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distributions to Shareholders as at 31 December 2024 comprised the Share premium, Share option reserve plus accumulated losses with an aggregate amount of approximately HK$27,991,000 (2023: HK$97,817,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 December 2024 are set out in note 16 to the consolidated financial statements.

DONATIONS

During the year, the Group made charitable and other donations of HK$Nil (2023: HK$2,000).

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Details of the Group's borrowings are set out in notes 26, 27, 28 and 30 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's five largest suppliers accounted for 70.2% of the Group's purchases during the year, 21.8% being attributable to the largest supplier. The percentage of turnover attributable to the Group's five largest customers is 75.2% during the year.

As far as the Directors are aware, no Director, their associates or any Shareholder (who to the knowledge of the Directors owns more than 5% of the Company's Share capital) has interest in the Group's five largest suppliers.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in this Report, there was no contract of significance between the Company or any of its subsidiary companies, and a controlling Shareholder or any of its subsidiaries for the year ended 31 December 2024. There was no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries for the year ended 31 December 2024.

DIRECTORS

The Directors who held office during the year and up to the date of this Report are:

Executive Directors

Mr. CHONG Tin Lung Benny *(Executive Chairman and Chief Executive Officer)*
Mr. LI Shaofeng
Mr. LIN Chun Ho Simon

Non-executive Director

Ms. HANG Qingli (appointed on 26 November 2024)

Independent Non-executive Directors

Mr. KONG Kai Chuen Frankie
Mr. TO Chun Wai
Dr. SHAM Chung Ping Alain

In accordance with Bye-law 99, Mr. LI Shaofeng and Mr. KONG Kai Chuen Frankie shall retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

In accordance with Bye-law 102, Ms. HANG Qingli shall retire and, being eligible, offer herself for re-election at the AGM.

The INEDs are also subject to retirement by rotation in accordance with the Bye-laws. The Company has received from each INED a confirmation of his independence pursuant to the independence assessing factors guidelines set out in Rule 3.13 of the Listing Rules. The Company considers the INEDs to be independent.

CHANGES IN INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

The changes in Directors' information since the disclosure made in interim report of the Company for 2024 are set out below.

Mr. TO Chun Wai entered into an old letter of appointment with the Company for two years commencing from 1 September 2022 to 31 August 2024 (both dates inclusive). On 13 August 2024, the Company entered into a new letter of appointment with Mr. To for a term of two years commencing from 1 September 2024 to 31 August 2026 (both dates inclusive), and he is subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-law of the Company. Mr. To is entitled to an annual Director's fee of HK$240,000, which was determined by the Board with the reference to the remuneration from the Remuneration Committee and his duties, responsibilities and the prevailing market situation.

Since 26 November 2024, Ms. HANG Qingli has been appointed as a non-executive Director of the Company. Details of her appointment are set out in the announcement of the Company dated 26 November 2024 and her biography is set out on page 15 of this annual report.

CHANGES IN INFORMATION OF DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES (continued)

The biographical detail of Mr. LI Shaofeng has been updated with the directorship of certain subsidiaries of the Company.

Save as disclosed in this Report, there is no other financial, business, family or other material/relevant relationships among members of the Board and in particular, between the Chairman of the Board, the chief executive and the Directors that is required to be disclosed pursuant to the Corporate Governance Code.

Save as disclosed in this report, there is no other information required to be disclosed pursuant to Rule 13.51(B)(1).

BIOGRAPHIES OF DIRECTORS

Biographical details of the Directors of the Company are set out on pages 14 to 17 of this Report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who is proposed for re-election at the AGM has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF DIRECTORS

Please refer to note 12 of the consolidated financial statements of this Report for details of the emoluments of the Directors.

The emoluments payable to the Directors are determined with reference to responsibilities, years of service and performance of each individual, the results of the Group and the prevailing market rate.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws of the Company, every Director and other officers of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain in or about the execution of their duties in their respective duties or in relation thereto.

The Company has taken out and maintained directors' liability insurance throughout the year ended 31 December 2024, which provides appropriate cover for the Directors and the other officers of the Company. Such provisions were in force during the course of the year ended 31 December 2024 and remained in force as of the date of this Report. The insurance coverage is reviewed on an annual basis.

MANAGEMENT CONTRACTS

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

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

At 31 December 2024, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO; or are required, pursuant to the Model Code as set out in Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange are as follows:

Long positions in the Shares and underlying Shares of the Company

Name of Director	Capacity	Nature of Interest	Number of ordinary Shares held	Number of underlying Shares	Total Number of Shares and underlying Shares involved	Approximate percentage of the Company's total issued Shares (Note 1)
Mr. CHONG Tin Lung Benny ("**Mr. CHONG**")	Beneficial owner	Personal interest	51,891,000 (Note 2)	60,000,000 (Note 2)	111,891,000	1.84%
Mr. LIN Chun Ho Simon ("**Mr. LIN**")	Beneficial owner	Personal interest	2,377,500 (Note 3)	30,000,000 (Note 3)	32,377,500	0.53%
Mr. LI Shaofeng ("**Mr. LI**")	Beneficial owner	Personal interest	209,000,000 (Note 4)	–	209,000,000	3.43%

Notes:

1. *The percentage of shareholding is calculated on the basis of the Company's issued share capital of 6,092,515,390 shares as at 31 December 2024.*

2. *Mr. Chong is beneficially interested in 51,891,000 ordinary shares of the Company and 60,000,000 underlying Shares, representing interests in share options under the share option scheme of the Company, further details of which are set out in the section headed "Share Option Schemes".*

3. *Mr. Lin is beneficially interested in 2,377,500 ordinary shares of the Company and 30,000,000 underlying Shares, representing interests in share options under the share option scheme of the Company, further details of which are set out in the section headed "Share Option Schemes".*

4. *Mr. Li is beneficially interested in 209,000,000 ordinary shares of the Company.*

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

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN ASSETS TRANSACTION AND/OR ARRANGEMENT

At 31 December 2024, none of the Directors had any other direct or indirect interest in any assets which have been acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

At 31 December 2024, there was no other transaction or arrangement subsisting in which a Director was materially interested and which was significant in relation to the business of the Group as a whole.

DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in the paragraph headed "**Connected Transaction**" in this Report, no other transactions, agreements or contracts of significance in relation to the Group's business to which the Company or its subsidiaries or holding company was a party and in which any Director or the Director's connected entity had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors (including Independent Non-executive Directors) was interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business during the year.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in section of "**Share Option Schemes**", at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of Shares in or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, so far as is known to the Directors, no other person or corporations (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in the Shares and underlying shares of the Company

Name of Shareholder(s)	Nature of Interest	Number of Shares	Approximate % of the total number of issued Shares#
Gustavo International Limited	Beneficial owner	304,725,000 *(Note 1)*	5.00%
Maini Investments Limited	Interest of controlled corporation	304,725,000 *(Note 1)*	5.00%
VMSIG	Beneficial owner and interest of controlled corporation	1,519,016,472 *(Note 1)*	24.93%
Ms. MAK Siu Hang Viola	Interest of controlled corporation	1,519,016,472 *(Note 1)*	24.93%
Power Sky Investments Limited	Beneficial owner	350,000,000 *(Note 2)*	5.74%
Mr. XU Weidong	Interest of controlled corporation	350,000,000 *(Note 2)*	5.74%

Based on the total issued Shares of 6,092,515,390 at 31 December 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

Notes:

(1) Gustavo International Limited is beneficially interested in approximately 5.00% of the issued share capital of the Company. Given Gustavo International Limited is wholly-owned by Maini Investments Limited, Maini Investments Limited will be deemed to be interested in approximately 5.00% of the issued share capital of the Company through its controlled corporation, Gustavo International Limited.

Ms. MAK Siu Hang Viola wholly-owns VMSIG, which directly owns approximately 19.93% of the issued share capital of the Company and indirectly owns approximately 5.00% of the issued share capital of the Company through its wholly-owned subsidiary, Maini Investments Limited. VMSIG is thus interested in a total of approximately 24.93% of the issued share capital of the Company. Ms. MAK Siu Hang Viola is also therefore deemed to be interested in such 24.93% of the issued share capital of the Company.

(2) Power Sky Investments Limited directly held 350,000,000 Shares. Power Sky Investments Limited was wholly-owned by Mr. XU Weidong. By virtue of the SFO, Mr. XU Weidong is deemed to be interested in the Shares held by Power Sky Investments Limited.

All interests in Shares and underlying shares of equity derivatives of the Company are long positions. None of the substantial shareholders of the Company held any short positions in the Shares or underlying shares of equity derivatives of the Company.

Save as disclosed above, as at 31 December 2024, the Company had not been notified by any persons or corporations (other than the Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEMES

Expired Share Option Scheme

The share option scheme (the "**Expired Share Option Scheme**") adopted by the Company on 28 May 2012, expired on 27 May 2022. Save for and except that the rules of the Share Option Scheme remain in full force and effect to the extent necessary to give effect to the exercise of the options granted thereunder prior to its expiry, or otherwise to the extent as may be required in accordance with the rules of the Expired Share Option Scheme. No further options may be granted under the Expired Share Option Scheme upon its expiry.

Under the Expired Share Option Scheme, options were granted to certain Directors, employees and other eligible participants of the Company entitling them to subscribe for Shares of HK$0.02 each in the capital of the Company.

SHARE OPTION SCHEMES *(Continued)*

Details of the movement in outstanding Share Options, which have been granted under the Expired Share Option Scheme, during the year ended 31 December 2024 were as below:

Name or category of participants	Date of grant *(Note 1)*	Exercise price *(HK$)*	Exercisable Period	As at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ Lapsed during the period	As at 31 December 2024
(a) Directors								
Mr. CHONG Tin Lung Benny	07/10/2020	0.1754	27/07/2021 to 26/07/2025 *(Note 2)*	60,000,000	–	–	–	60,000,000
Mr. LIN Chun Ho Simon	27/07/2020	0.1754	27/07/2021 to 26/07/2025 *(Note 2)*	30,000,000	–	–	–	30,000,000
(b) Other eligible participants								
Consultants of the Group (the "**Consultants**") *(Note 3)*	27/07/2020	0.1754	27/07/2021 to 26/07/2025 *(Note 2)*	90,700,000	–	–	–	90,700,000
Mr. NG Siu Wai ("**Mr. Ng**") *(Note 4)*	07/10/2020	0.1754	27/07/2021 to 26/07/2025 *(Note 2)*	42,000,000	–	–	–	42,000,000
Total				222,700,000	–	–	–	222,700,000

SHARE OPTION SCHEMES *(Continued)*

Notes:

(1) The closing prices per Share immediately before 27 July 2020 and 7 October 2020 (the dates on which the Share options were granted) were HK$0.172 and HK$0.170 respectively.

*(2) Share options granted under the Expired Share Option Scheme on 27 July 2020 and 7 October 2020 shall vest in the grantees in accordance with the timetable below (for this purpose, the date or each such date on which the Share options are to vest being hereinafter referred to as a "**Vesting Date**"):*

Vesting Date	***Percentage of Share Options to vest***
First anniversary of the Date of Offer (as defined below)	*40% of the total number of options*
Second anniversary of the Date of Offer	*30% of the total number of options*
Third anniversary of the Date of Offer	*30% of the total number of options*

*(3) These share options are conditionally granted on 27 July 2020 (the "**Date of Offer**") and approved by the Company's special general meeting on 7 October 2020. The Purpose of these share option scheme is to provide incentives to the Consultants to lead, identify and/or exploit business opportunities in the life science sector as, the Consultants are working in the life science business of the Company without being entitled to any fixed salaries or emoluments. The Company considered that this is in line with the objective of the Company's share option scheme to provide incentive rewards to, the Consultants for their contribution to the Group and to retain them to make continuous contribution to the Company.*

*(4) Mr. Ng resigned as an executive Director of the Company on 27 July 2023. Pursuant to the service agreement entered between the Company and Mr. Ng on 27 July 2020 (the "**Agreement**"), the share options granted to Mr. Ng under the Expired Share Option Scheme shall not be lapsed if the Company and Mr. Ng do not enter into a new service agreement after the completion of the service in the Agreement. Mr. Ng had completed the service term commencing from 27 July 2020 to 26 July 2023 as stipulated in the Agreement and no new service agreement was being entered by him and the Company. Therefore, the share options held by Mr. Ng were not lapsed upon his resignation and he held 42,000,000 share options as at 31 December 2024.*

Save as disclosed above, no share option was granted or exercised or cancelled or lapsed under the Expired Share Option Scheme for the year ended 31 December 2024.

New Share Option Scheme

References were made to (i) the circular of the Company dated 22 April 2022 in relation to, among other things, the adoption of the new share option scheme ("**New Share Option Scheme**"), (ii) the poll results announcement of the AGM of the Company dated 25 May 2022, (iii) the announcement of the Company dated 26 November 2021 in relation to the proposed acquisition of VMS Auto Italia Fin Services Holdings Limited by the Company (the "**VMS Acquisition**"), which constitutes a very substantial acquisition, connected transaction and reverse takeover under the Listing Rules, and (iv) the announcement of the Company dated 25 November 2022 regarding the termination of the VMS Acquisition, including the special mandate in relation to the allotment and issuance of consideration shares would not proceed. The New Share Option Scheme is not effective as a certain condition was not fulfilled.

CONNECTED TRANSACTION

On 13 February 2023, the Company received a financial assistance by way of an unsecured, interest-free loan of RMB10,000,000 from Mr. Chong Tin Lung Benny which was connected transaction, the details of which is set out in heading under "Loan From A Related Party" of note 28 to the consolidated financial statements. Pursuant to Rule 14A.90 of Chapter 14A of the Listing Rules, such financial assistance received by the Company from connected party is fully exempt from shareholders' approval, annual review and all disclosure requirements.

CONTINUING CONNECTED TRANSACTIONS

Framework Agreement

On 17 February 2023, the Company entered into a framework agreement (the "**Framework Agreement**") with 運天(中國)投資有限公司 (CTF Automobile (China) Investment Co., Ltd) ("**CTF Automobile**", and together with its subsidiaries, the "**CTF Automobile Group**") in relation to the purchases of cars and auto parts of the brand Maserati® (the "**Automobiles**").

The CTF Automobile Group has substantial car dealership experience in the PRC. Upon customers' requests for a selected model/type of the Automobiles that the Group may not have, the Group shall be able to source it from the CTF Automobile Group. On the other hand, if the CTF Automobile Group has customers' requests for a selected model/type of the Automobiles that the CTF Automobile Group does not have, the CTF Automobile Group will try to source it from the Group. The Framework Agreement will create synergy between the CTF Automobile Group and the Group. Each of the Group and the CTF Automobile Group will enhance its customer experience by providing effective services. Through the strategic cooperation under the Framework Agreement, the Group and the CTF Automobile Group will be able to leverage on each other's strength to capture more business opportunities.

CTF Automobile holds 49% of the entire equity interests of 武漢駿意汽車銷售服務有限公司 (Wuhan Junyi Cars Sales & Service Company Ltd) ("**Wuhan Junyi**"), a non-wholly owned subsidiary of the Company. CTF Automobile is a substantial shareholder of Wuhan Junyi and hence a connected person at the subsidiary level of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, the Framework Agreement and the transactions contemplated thereunder were subject to the reporting and announcement requirements but exempted from the circular, independent financial advice and the Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

The principal terms of the Framework Agreement are summarized below:

Term: From the date of the Framework Agreement to 31 December 2025.

Subject:

(i) The purchases of the Automobiles by the CTF Automobile Group from the Group (the "**CTF Automobile Purchases**"); and

(ii) The purchases of the Automobiles by the Group from the CTF Automobile Group (the "**Group Automobile Purchases**").

Pricing policy: The consideration of the purchase of Automobiles will be determined after arm's length negotiations with reference to the average market price of the Automobiles quoted by the independent third parties of the Group.

For the Group Automobile Purchases, the Group will ensure that the terms and price of the Automobiles purchased from the CTF Automobile Group are no less favourable to the Group than such terms and price offered by the independent third parties.

For the CTF Automobile Purchases, the Group will ensure that the terms and price of the Automobiles sold to the CTF Automobile Group are more favourable to the Group than such terms and price sold to the independent third parties.

Annual caps: The annual cap for the total consideration of the Group Automobile Purchases payable by the Group to the CTF Automobile Group for each of the three years ending 31 December 2025 will not exceed RMB52,000,000, RMB50,000,000 and RMB40,000,000 respectively.

The annual cap for the total consideration of the CTF Automobile Purchases payable by the CTF Automobile Group to the Group for each of the three years ending 31 December 2025 will not exceed RMB30,000,000.

Other details of the Framework Agreement are disclosed in the announcement of the Company dated 17 February 2023.

The total consideration of the Group Automobile Purchases paid by the Group to the CTF Automobile Group for the year ended 31 December 2024 amounted to approximately RMB2,019,400. The total consideration of the CTF Automobile Purchases paid by the CTF Automobile Group to the Group for the year ended 31 December 2024 amounted to approximately RMB337,600.

The Framework Agreement and the transactions contemplated thereunder also constitutes related party transactions of the Company, the details of which are set out in note 38 to the consolidated financial statement.

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Escrow Letter

As disclosed in the paragraph under the heading "**Material Acquisition and Disposals of Subsidiaries, Associates and Joint Ventures**" in the section of "**Management Discussion and Analysis**" of this Report, on 29 October 2024, each of the Vendors, Racing Time and the Escrow Agent entered into the Escrow Letter, pursuant to which the Consideration Shares and Promissory Notes shall be held by the Escrow Agent. The Escrow Agent is indirectly owned (i) as to 92% by Ms. Mak Siu Hang Viola, the mother of Mr. Chong Tin Lung Benny and a substantial shareholder of the Company; and (ii) as to 8% by Mr. Chong Tin Lung Benny. As such, the Escrow Agent is an associate of Ms. Mak Siu Hang Viola and a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Escrow Letter constitutes a connected transaction. Pursuant to Rule 14A.76(1) of Chapter 14A of the Listing Rules, as all the percentage ratios (other than the profit ratio) are less than 5% and the total consideration is less than HK$3,000,000, the entering into of the Escrow Letter falls below the de minimis threshold and was fully exempt from independent shareholders' approval, annual review, and all disclosure requirements.

The total consideration of the service fee paid by Racing Time to the Escrow Agent for the year ended 31 December 2024 amounted to approximately HK$31,450.

The entering into of the Escrow Letter also constitutes a related party transaction of the Company, the details of which are set out in note 38 to the consolidated financial statement.

The independent non-executive Directors have reviewed the aforementioned continuing connected transactions and confirmed that the transactions were entered into:

i. in the ordinary and usual course of business of the Group;

ii. on normal commercial terms or better; and

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

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

The auditor of the Company has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions relating to the Framework Agreement and the transactions contemplated therein disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules. The auditor has confirmed that nothing has come to their attention that causes them to believe that such continuing connected transactions:

(1) have not been approved by the Company's board of directors;

(2) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group;

(3) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(4) have exceeded the annual caps as set by the Company.

In the opinion of the Board, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules in respect of the continuing connected transactions entered into by the Group during the Reporting Period as mentioned above.

PUBLIC FLOAT

At the date of this Report, based on information that is publicly available to the Company, the Directors acknowledge that more than 25% of the issued share capital of the Company is held by the public.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including treasury shares (as defined in the Listing Rules, if any)), during the year ended 31 December 2024.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-laws or the laws in Bermuda although there is no restriction against such rights under the laws in Bermuda.

AUDITOR

During the year ended 31 December 2024, Messrs. Deloitte Touche Tohmatsu was re-appointed as auditor of the Group to hold office until the conclusion of the AGM.

There has been no change in the Company's auditor in any of the preceding three years.

The financial statements for the year were audited by Messrs. Deloitte Touche Tohmatsu who will retire at the AGM and being eligible, offer itself for re-appointment.

For and on behalf of the Board

CHONG Tin Lung Benny
Executive Chairman and Chief Executive Officer

Hong Kong, 28 March 2025

CORPORATE GOVERNANCE REPORT

PURPOSE, CULTURES AND VALUES

The Board has established the Group's purpose, values and strategy and ensures that aligned with the Group's culture. The Company's purpose is to bring long-term returns to Shareholders, and committed to building a viable business with sustainable growth.

The Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects. To ensure the Company's work aligns with the organization purpose, values, and business strategies, the Board is responsible for fostering a corporate culture.

Culture of Accountability

The Group established an organizational structure with proper segregation of duties to govern our business operations and to ensure alignment with our corporate strategy and culture. Meanwhile, we encourage teamwork and collaboration to develop trust and accountability.

Culture of Integrity

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the anti-fraud and anti-corruption policy and the whistleblowing policy of the Group and the Group's employee handbook. Trainings are conducted from time to time to reinforce the required standards in respect of ethics and integrity. In additions, in order to help the new employees to adapt the company culture, the Group arranges various onboarding training activities to them.

Culture of care

The Group believes that the culture of care is essential to workforce development and sustainability. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent and produces the highest quality work.

Environmental Friendly Culture

The Group endeavors to cultivate a greener corporate culture by creating awareness and encouraging our employees to control our operation's carbon footprint to enhance our stakeholders' and communities' long-term value.

CORPORATE GOVERNANCE

Maintaining an effective corporate governance framework is one of the priorities of the Company. In the opinion of the Directors, the Company had complied with all the Code provisions of the CG Code throughout the year ended 31 December 2024, except for the deviation of code provision C.2.1 of the CG Code which is explained in the sub-section headed "**Chairman and Chief Executive Officer**" below.

The corporate governance principles of the Company emphasize a quality board, sound internal control, and transparency and accountability to all Shareholders. The Board will continue to review and improve the corporate practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for the Shareholders.

THE MODEL CODE

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as standard for dealings in securities of the Company by the Directors. Having made specific enquiry of all Directors, during the year ended 31 December 2024, the Directors confirmed that they have complied with the standards set out in the Model Code.

THE BOARD OF DIRECTORS

We are governed by the Board which assumes the responsibility for leadership and control of the Company. Our Directors are collectively responsible for promoting the success of the Company by directing and supervising the affairs of the Company.

As at the date of this Report, the Board comprises seven members, of whom three are Executive Directors, one is Non-executive Director and three are INEDs.

Directors who held office during the year ended 31 December 2024 and up to the date of this Report are:

Executive Directors

Mr. CHONG Tin Lung Benny *(Executive Chairman and Chief Executive Officer)*
Mr. LI Shaofeng
Mr. LIN Chun Ho Simon

Non-executive Director

Ms. HANG Qingli (appointed on 26 November 2024)

Independent Non-executive Directors

Mr. KONG Kai Chuen Frankie
Mr. TO Chun Wai
Dr. SHAM Chung Ping Alain

THE BOARD OF DIRECTORS *(Continued)*

The Listing Rules require every listed issuer to have INEDs who represent at least one-third of the Board, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. Mr. KONG Kai Chuen Frankie, one of the INEDs, is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. The Company has received from each INED an annual confirmation of his independence. The Board considers that all INEDs meet the independence criteria as set out in Rule 3.13 of the Listing Rules annually.

None of Directors has any family, financial or business relations with each other.

The Board has established mechanisms to ensure independent views and input are available to the Board. The current composition of the Board has an independence element and provides sufficient balance of skills, experience and diversity of perspectives in leading the Company to achieve its goal. The independent non-executive Directors also exercise objective independent judgment in the Board's overall decision making process. The Board will seek advice from external advisors including legal and other professional advisors, if necessary, to facilitate formulating important and independent decisions. The Board has reviewed the implementation and effectiveness of the board independence mechanisms for the year ended 31 December 2024 and considered them to be effective.

The biographies of our Directors are set out in the section headed "**Directors Profiles**" in this Report. Details of the biographies of the Directors seeking re-election at the AGM are set out in the circular issued by the Company and sent to our Shareholders together with this Report.

The Company also maintains on its website (www.autoitalia.com.hk) an updated biography of each Director. A list of Directors and their roles and functions has also been published on the websites of the Company and the Stock Exchange respectively.

The Board meets regularly, normally four times each year and additional meetings will be arranged if and when necessary. Notice of each regular Board meeting will be given to all Directors at least 14 days before the meeting. Special Board meetings will be held as and when necessary. Matters on transactions with conflicting interests with a substantial shareholder or a Director where Directors considered such conflict of interest to be material will not be dealt with by way of written resolutions and a separate Board meeting shall be held where INEDs who have no material interests shall be present in the meeting. In addition, Directors considered having conflict of interests or material interests in the matters before the Board are required to declare their interests and abstain from voting for the relevant resolution.

Appropriate notices are given to all Directors for attending regular Board meetings and other meetings. A package containing agenda and all the relevant information is normally despatched to the Directors 3 days in advance of the relevant meetings.

Board meetings involve the active participation, either in person or through electronic means of communication, of a majority of Directors. The Company Secretary assists the Executive Chairman in preparing the meeting agenda, and each Director may request the inclusion of items in the agenda.

Directors are also consulted on matters to be included in the agenda for all regular Board meetings.

THE BOARD OF DIRECTORS *(Continued)*

Minutes of the Board meetings are recorded in detail and draft minutes are circulated to all Directors for review and comment within a reasonable time after the Board meetings are held. All the minutes of the meetings are properly kept by the Company Secretary after approval and are available for inspection following reasonable notice by the Directors.

The Board may delegate the management powers to the management of the Company. However, the delegation of power does not absolve the Directors from their responsibilities of exercising requisite skill, care and diligence in overseeing the performance of the Company. The Board can meet the management of the Company from time to time to discuss the operating issues of the Group.

During the year 2024, the Board had conducted four meetings and passed nine written resolutions. In addition to general matters such as considering and approving the annual results of the Company for the year ended 31 December 2023 the annual report and the ESG report for the year ended 31 December 2023; the re-election of retiring Directors and the matters to be considered at the AGM held on 28 May 2024; the re-appointment of auditor of the Company; the interim results of the Company for the period ended 30 June 2024; and the interim report for the period ended 30 June 2024, the Board also considered other resolutions mainly including the Acquisition and the transactions contemplated thereunder, the appointment of the Non-executive Director, the renewal of service agreements of Executive Directors, the renewal letter of the INED, the bonus of Executive Directors for the year 2024 and the supplemental loan agreement etc.

According to code provision C.2.7 of the CG Code, the Executive Chairman held a meeting with the INEDs without the presence of other directors during the year.

Chairman and Chief Executive Officer

Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. CHONG Tin Lung Benny is the Executive Chairman and the Chief Executive Officer. Mr. Chong has extensive experience in corporate management and securities investments and is responsible for the overall corporate strategies, planning and business development of the Group. The Board considers that the vesting of two roles in the same person provides our Group with strong and consistent leadership and facilitates the implementation and execution of our Group's business strategy. Although the positions of the Executive Chairman and Chief Executive Officer are not separate, the power and authorities have not been concentrated as all major decisions have been made in consultation with the Board and appropriate Board Committee. The Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high caliber individuals including three Executive Directors (including Mr. CHONG Tin Lung Benny), one Non-executive Director and three Independent Non-executive Directors as at the Latest Practicable Date who offer advices and views from different perspectives. Moreover, the Audit Committee has been provided with sufficient resources to perform its duties, including obtaining outside legal or other independent professional advice when it considers necessary. The Company shall nevertheless review the structure from time to time in light of the prevailing circumstances.

THE BOARD OF DIRECTORS *(Continued)*

Appointments, re-election and removal of Directors

All Directors, including those appointed for a fixed term, are subject to retirement by rotation pursuant to the Bye-laws. A Director appointed by the Board to fill a casual vacancy or as an addition shall hold office until the next general meeting. According to Code Provision B.2.2 of the CG Code, every director should be subject to retirement by rotation at least once every three years.

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

Each newly appointed Director would receive an induction package covering the statutory and regulatory obligation of a director of a listed company. Directors may participate in continuous professional development to develop and refresh their knowledge and skills pursuant to code provision C.1.4 of the CG Code, by attending professional courses organised by registered professional bodies such as The Law Society of Hong Kong, the Hong Kong Institute of Certified Public Accountants, and The Hong Kong Chartered Governance Institute, etc. The Directors receive materials on latest changes in applicable legal and regulatory requirements and corporate governance practices from the Company, from time to time to assist them to discharge their duties.

During the year ended 31 December 2024 and up to the date of this Report, all the Directors, namely Mr. CHONG Tin Lung Benny, Mr. LI Shaofeng, Mr. LIN Chun Ho Simon, Ms. HANG Qingli, Mr. KONG Kai Chuen Frankie, Mr. TO Chun Wai and Dr. SHAM Chung Ping Alain, had participated in appropriate continuous professional development activities by ways of attending trainings organized by professional firm and/or reading materials relevant to the Company's businesses or to the Directors' duties and responsibilities. The Company has arranged for Ms. HANG Qingli an induction package, including legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to her as a Director of the Company and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Ms. Hang Qingli has confirmed that she has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 26 November 2024.

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has also arranged appropriate insurance cover for our Directors in respect of legal actions taken against Directors and officers.

BOARD COMMITTEES

To oversee different aspects of the Company's affairs and to assist in the execution of its responsibilities, the Board has established the following Board Committees namely the Audit Committee, the Remuneration Committee, the Nomination Committee and Executive Directors' Committee. Terms of reference of each of these Committees are available on the Company's website at www.autoitalia.com.hk. All Committees are provided with sufficient resources to discharge their duties, and they are also authorised to obtain external legal or other independent professional advice if they consider it necessary to do so.

BOARD COMMITTEES *(Continued)*

Audit Committee

The members of the Audit Committee comprise Mr. KONG Kai Chuen Frankie, Mr. TO Chun Wai and Dr. SHAM Chung Ping Alain, all of whom are INEDs. Mr. KONG Kai Chuen Frankie is the chairman of the Audit Committee. Mr. Kong, being an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants, has the appropriate professional qualifications and experience in the financial field. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024 including the accounting principles and practices adopted by the Group, and discussed the risk management, internal control and financial reporting matters during the review. The written terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company. The terms of reference have included the duties set out in Code Provision D.3.3(a) to (n) of the CG Code.

The principal duties of the Audit Committee should be to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors and their remuneration for audit and non-audit services; to review the effectiveness of the audit process in accordance with applicable standards; to review changes in accounting policies and practices; to review the fairness and reasonableness of any connected transaction; to review the cash flow position of the Group; to review the dividend policy, internal control and risk management systems of the Group and to provide advices and comments to the Board.

During the year 2024, the Audit Committee conducted two meetings and passed one written resolution. During the year 2024, the Audit Committee had reviewed the audit issues raised by the external auditor; considered and recommended to the Board for adoption of new accounting standards; reviewed and recommended to the Board for approval of the audit fee proposal for the Group for 2024; considered the re-appointment of auditor of the Company; reviewed the audited accounts and annual results announcement for the year ended 31 December 2023; reviewed the interim report and the interim results announcement for the six months ended 30 June 2024; reviewed the effectiveness of internal control and risk management systems of the Group; reviewed and considered the report of the annual internal control and risk management reviews of the Group; reviewed and approved the internal controls assessment, enterprise risk management and environmental, social and reporting advisory services for the year 2024; reviewed the whistleblowing policy, the anti-fraud and anti-corruption policy and the compliance of the relevant Listing Rules and accounting policies in relation thereto.

Remuneration Committee

The members of the Remuneration Committee comprise Mr. KONG Kai Chuen Frankie, Mr. TO Chun Wai and Dr. SHAM Chung Ping Alain, all of whom are INEDs, and Mr. CHONG Tin Lung Benny, an executive Director. Mr. TO Chun Wai is the chairman of the Remuneration Committee. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company. The terms of reference of the Remuneration Committee were adopted with reference to the CG Code, including the specific duties set out in Code Provision E.1.2(a) to (h) of the CG Code.

BOARD COMMITTEES *(Continued)*

Remuneration Committee *(Continued)*

The principal duties of the Remuneration Committee should be to make recommendations to the Board on the Group's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; to have the delegated responsibility to determine the remuneration packages of individual Executive Directors, the senior management and non-executive Directors; and to review and approve compensation payable to Executive Directors and senior management for any loss or termination of office or appointment.

During the year 2024, the Remuneration Committee had conducted two meetings and passed three written resolutions. During the year 2024, the Remuneration Committee had considered and made recommendations to the Board in relation to review the remuneration policy and structure for the Directors and the senior management of the Company; the remuneration package of each Executive Directors and senior management of the Company; the appointment of the Non-executive Director; the renewal of service agreements of Executive Directors; the renewal letter of the INED; and the bonus of Executive Directors for the year 2024.

From 2023 onwards, the Remuneration Committee will also review the share option scheme and other share schemes (if any) of the Company on annual basis.

Nomination Committee

The members of the Nomination Committee comprise Mr. KONG Kai Chuen Frankie, Mr. TO Chun Wai and Dr. SHAM Chung Ping Alain, all of whom are INEDs, and Mr. CHONG Tin Lung Benny, an executive Director. Mr. CHONG Tin Lung Benny is the chairman of the Nomination Committee. It is primarily responsible for making recommendations to the Board on appointment of Directors regarding the qualifications and competency of the candidates. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company. The terms of reference of the Nomination Committee have included the duties set out in Code Provision B.3.1(a) to (d) of the CG Code.

The principal duties of the Nomination Committee should be to review the structure, size, composition and diversity (including the skills, knowledge, ethnicity, gender, cultural and educational background, professional experience and length of service) of the Board annually; to identify individuals suitably qualified to become members of the Board and make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of Independent Non-executive Directors under the Listing Rules; to make nominations to the Board for its consideration and recommendation to the Shareholders for proposing candidates to stand for election at a general meeting; to formulate and review the nomination policy for the Board's consideration and approval and to implement accordingly; and to formulate and review the Board diversity policy, as appropriate and make recommendations on any required changes for the Board's consideration and approval.

During the year 2024, the Nomination Committee had conducted one meeting and passed one written resolution. In 2024, the Nomination Committee had considered and made recommendations to the Board on the matters in relation to the independence of the INEDs; the proposed retirement of Directors by rotation and re-election at last AGM in 2024; reviewed the structure, size and composition of the Board; reviewed the Board diversity policy and nomination policy; and the appointment of the Non-executive Director.

BOARD COMMITTEES *(Continued)*

Executive Directors' Committee

The members of the Executive Directors' Committee comprise Mr. CHONG Tin Lung Benny and Mr. LIN Chun Ho Simon, the Executive Directors. The Executive Directors' Committee is formed for the overall management of the business of the Company, including day-to-day operations and administration of the Company. The written terms of reference of the Executive Directors' Committee are available on the website of the Company.

The principal duties of the Executive Directors' Committee should be to approve and oversee the execution of the normal and current business and investment activities of the Group in accordance with the needs of the Company for business development; to act on behalf of the Board in the day-to-day management of the Group, including but not limited to its purchasing, marketing, financing, personal and other operating activities; to negotiate, enter into and sign on behalf of the Company all contracts, tenders, agreements and distributorship; to negotiate with bankers for obtaining banking facilities, to enter into any guarantee, contract of indemnity; to lend money to such persons upon such terms and conditions in all respects as they may think fit; to commence, defend or settle any litigation, arbitration, legal proceedings or other claims and to do all such acts including seeking legal advice, making investigation as they may consider necessary in relation to the litigation, arbitration, legal proceedings or other claims; and to authorise the issue and allotment of Shares pursuant to the exercise of options granted under the share option scheme adopted by the Company from time to time and to give instructions to the share registrar of the Company in relation to such issue and allotment of Shares.

During the year 2024, the Executive Directors' Committee had passed seven written resolutions. During the year 2024, the Executive Directors' Committee had considered and approved the consignment of promissory note; and the renewal of the insurances etc.

Nomination Policy

This nomination policy of the Company aims to set out the approach to select the suitable candidates to become the members of the Board. The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to Board and the Shareholders for election as the Directors at general meetings or appoint as Directors to fill casual vacancies.

The selection criteria factors and the nomination procedures are set out in the nomination policy of the Company to be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate to become the member of the Board.

The nomination policy of the Company was adopted and updated on 21 December 2018. It is available on the website of the Company at www.autoitalia.com.hk.

BOARD COMMITTEES *(Continued)*

Board Diversity Policy

This Board diversity policy aims to set out the approach to achieve diversity on the Board with the aim of enhancing Board effectiveness and corporate governance as well as achieving the Company's business objectives and sustainable development.

Summary of the Board Diversity Policy

While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity prospective, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, required expertise, skills, knowledge and length of service of each Board member. All appointments of the Board members will be based on meritocracy and candidates will be considered against objective criteria having due regard for the benefits of diversity on the Board.

Measurable Objectives

Selection of candidates for directorship will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, required expertise, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Monitor and reporting

The Nomination Committee will review this Policy at least annually to ensure its continued effectiveness. The Nomination Committee will discuss any amendments that may be required and recommend any such amendment(s) to the Board for consideration and approval.

At present, the Nomination Committee considered that the diversity of the Board is sufficient. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

The Board recognises the importance and benefits of gender diversity at the Board level and shall continue to take initiatives to identify female candidate(s) to enhance the gender diversity among the Board members. Ms. HANG Qingli was appointed as a non-executive Director of the Company on 26 November 2024. Therefore, as at the Latest Practicable Date, there was one female Director on the Board and the composition of the Board is in compliance with the gender diversity requirement of the Board under the Listing Rules. When selecting and making recommendations on suitable candidates as Directors in the future, the Nomination Committee will continue to consider the appointments of such candidates as Directors with reference to the Board diversity policy of the Company and take opportunities to increase the proportion of female Directors on the Board. The Board has reviewed the implementation and effectiveness of the Board diversity policy of the Company for the year ended 31 December 2024 and considered it to be effective. The Board will conduct such review annually.

The Board diversity policy of the Company was revised and updated on 10 November 2022. It is available on the website of the Company at www.autoitalia.com.hk.

BOARD MEETINGS AND COMMITTEES' MEETINGS

The attendance record (excluding the case of the written resolutions) of the Directors in Board meetings and board committee meetings in 2024 were as follows:

Name of Directors	Number of Board meetings attended/held	Number of Audit Committee meetings attended/held	Number of Remuneration Committee meetings attended/held	Number of Nomination Committee meetings attended/held
Executive Directors:				
Mr. CHONG Tin Lung Benny	4/4	N/A	2/2	1/1
Mr. LI Shaofeng	4/4	N/A	N/A	N/A
Mr. LIN Chun Ho Simon	4/4	N/A	N/A	N/A
Non-executive Director:				
Ms. HANG Qinli (appointed on 26 November 2024)	N/A	N/A	N/A	N/A
INEDs:				
Mr. KONG Kai Chuen Frankie	4/4	2/2	2/2	1/1
Mr. TO Chun Wai	4/4	2/2	2/2	1/1
Dr. SHAM Chung Ping Alain	3/4	1/2	1/2	0/1

The Board is responsible for performing the following corporate governance duties as required under CG Code Provision A.2.1 of the CG Code, which include (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the corporate governance report.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for overseeing the preparation of the financial statements for each financial year, to ensure that these financial statements give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards. The Directors are responsible for ensuring the maintenance of proper accounting records, safeguarding of the assets of the Company and taking reasonable steps for the prevention and detection of fraud and other irregularities.

EXTERNAL AUDITOR

During the year ended 31 December 2024, Messrs. Deloitte Touche Tohmatsu was re-appointed as external auditor. The statement of the auditor about its reporting responsibilities on the financial statements of the Group is set out in the "**Independent Auditor's Report**" on pages 85 to 90 of this Report.

During the year of 2024, the auditor had performed audit and non-audit services and their remuneration in respect of audit and non-audit services is HK$1.57 million and HK$0.2 million respectively.

RISK MANAGEMENT AND INTERNAL CONTROL

The main features of the risk management and internal control systems are to provide a clear governance structure, policies and procedures, as well as reporting mechanism to facilitate the Group to manage it risks across business operations.

The Group has established a risk management framework, which consists of the Board, the Audit Committee and the RMTF. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the design, implementation and the overall effectiveness of risk management and internal control systems.

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

The members of RMTF comprises respective division and department heads. Its duties include:

- To assist the Board and the Audit Committee in overseeing the risk management system, ensuring that the risk management culture is fostered and system is implemented effectively in the daily operations and to arbitrate risk management policies that have conflicts between functional divisions.

- To oversee the risk management program and assess the program processes and make decisions on risk management issues escalated to it including:

  – To ensure the Group commits sufficient resources in carrying out the risk management exercise and to ensure risk profiles updates are carried out annually and in a timely manner in accordance with the guidelines and requirements laid down in the risk management policy of the Group as approved by the Board.

  – To review the risk assessment criteria and update the risk inventory, risk ranking and risk mitigation plan for the submission to the Audit Committee and the Board annually.

  – To maintain an oversight of the Group's risk management system, framework and program and propose enhancement(s) needed, including those to fulfill the regulators or governance bodies' statutory requirements, to the Board for approval at least annually.

RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

The Group has formulated and adopted risk management policy in providing direction in identifying, evaluating and managing significant risks. On an annual basis, the RMTF identifies risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritizes the identified risks according to a set of standard criteria. Risk mitigation plans and risk owners are then established for those risks considered to be significant. In addition, the Group has engaged an independent professional advisor to assist the Board and the Audit Committee in ongoing monitoring of the risk management and internal control systems of the Group. During the year, the Company has arranged the independent professional advisor to perform enterprise risk management advisory services report, identifying areas on improvement of operational procedures. Deficiencies in the design and implementation of internal controls are identified and recommendations are proposed for improvement. Significant internal control deficiencies are reported to the Audit Committee and the Board on a timely basis to ensure prompt remediation actions are taken.

Risk management report and internal control report are submitted to the Audit Committee and the Audit Committee would report the same to the Board once a year. The Board had performed annual review on the effectiveness of the Group's risk management and internal control systems, including but not limited to ensuring the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, the Group's ESG performance and reporting; the Group's ability to cope with its business transformation and changing external environment; the scope and quality of management's review on risk management and internal control systems; result of risk and internal control review; significant failures or weaknesses identified and their related implications; and status of compliance with the Listing Rules. The Board considers the Group's risk management and internal control systems are effective for the year ended 31 December 2024.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

WHISTLEBLOWING POLICY

The Board adopted a whistleblowing policy (the "**Whistleblowing Policy**") which provides channels and guidance to facilitate the raising of matters of concern by employees of the Group and those who deal with the Group, in confidence, without fear of reprisals. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 December 2024 has been discovered. The Whistleblowing Policy is reviewed annually by the Audit Committee and the Board to ensure its effectiveness.

ANTI-FRAUD AND ANTI-CORRUPTION POLICY

The Board adopted an anti-fraud and anti-corruption policy (the "**Anti-fraud and Anti-Corruption Policy**") which sets out the guidelines and responsibilities of the employees, the third parties or fiduciary capacity on behalf of the Group. The Group is committed to maintaining a high standard of integrity, openness and discipline in its business operations. The Anti-Fraud and Anti-Corruption Policy forms an integral part of the framework, including the code of conduct of the Company, the Anti-Fraud and Anti-Corruption Policy and the Whistleblowing Policy, outline the Group's expectations and requirement of business ethics, as well as the investigation and reporting mechanism of suspected corruption practices. The Anti-Fraud and Anti-Corruption Policy is reviewed annually by the Audit Committee and the Board to ensure its effectiveness.

The Group complies with requirements of SFO and the Listing Rules. The Group discloses inside information to the public as soon as reasonably practicable. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. The Company also implements an internal policy on handling inside information which is consistent with the relevant applicable requirements of the Listing Rules. The policy sets out measures and procedures for the Directors and other relevant officers of the Company to assume duty when dealing with inside information and preservation of its confidentiality before proper disclosure. It also sets out guidelines for the Board to disclose any material inside information timely according to the relevant statutory and regulatory requirements. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements are not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

COMMUNICATION WITH SHAREHOLDERS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding the Group's business and performance. To ensure that Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, the Company has established several channels to communicate with Shareholders as follows:

(i) Shareholders' enquiries

Shareholders should direct their questions about their shareholdings to the Company's share registrar. Shareholders are, at any time, welcome to raise questions, communicate their views on various matters affecting the Group, and request information (to the extent it is publicly available) from the Company by post.

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

(ii) Corporate Communication

Corporate communication means any documents issued or published by the Company for the information or action of Shareholders, including, but not limited to, the directors' report and annual audited accounts together with a copy of the auditors' report, the interim report, a notice of general meeting, a circular and a proxy form. Corporate communications will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding. Corporate communication shall be published and made available by the Company to the Shareholders by electronic means or in printed form in accordance with the Listing Rules and the Bye-laws.

(iii) Corporate Website

The Company's website (www.autoitalia.com.hk) provides comprehensive and updated information about the Company, including our financial results, financial statements, announcements, circulars, memorandum of association and amended and restated Bye-laws etc. Information on the Company's website is updated from time to time. Information released by the Company to the Stock Exchange is also published on the Company's website immediately thereafter if appropriate. Such information includes financial statements, results announcements, circulars and notices of general meetings, etc.

(iv) General Meetings of Shareholders

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at general meetings for and on their behalf if they are unable to attend the general meetings. At the general meetings, opportunities should be given to the Shareholders to express their opinions or to allow them to ask questions.

The Board members, in particular, the chairmen of Board committees or their representatives, appropriate management executives and representative(s) of external auditors will attend AGM to answer Shareholders' questions.

The Board of the Company reviewed the implementation and effectiveness of the shareholders' communication policy for the year ended 31 December 2024 and considered it to be effective.

The Company follows the practice that at the AGM, a separate resolution is proposed in respect of each separate issue, including the re-election of Directors.

At the last AGM, the Chairman of the Board, the chairman of the Audit Committee, Remuneration Committee and Nomination Committee, Directors and management of the Company were present to answer questions from the Shareholders.

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

The Company held an AGM in 2024. The attendance of individual Director at the general meetings held in 2024 is set out in the table below:

Name of Directors	Number of general meeting attended/held
Executive Directors:	
Mr. CHONG Tin Lung Benny	1/1
Mr. LI Shaofeng	1/1
Mr. LIN Chun Ho Simon	1/1
Non-executive Director:	
Ms. HANG Qingli (appointed on 26 November 2024)	N/A
INEDs:	
Mr. KONG Kai Chuen Frankie	1/1
Mr. TO Chun Wai	1/1
Dr. SHAM Chung Ping Alain	1/1

Pursuant to CG Code Provision F.2.2 of the CG Code, the Company invited representatives of the auditor of the Company to attend the AGM convened on 28 May 2024 to answer Shareholders' questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

All the proposed ordinary resolutions in relation to the proposals for re-election of retiring directors, re-appointment of the auditor of the Company, general mandate to issue new shares and general mandate to buy back Shares of the Company were duly passed by the Shareholders by way of poll at the AGM held on 28 May 2024.

Shareholders' Right

Shareholders may make a requisition to the Board to convene a SGM in accordance with the provisions as set out in the Bye-laws and section 74 of the Companies Act. Shareholder(s) holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company have the right to submit a written requisition to the Board requiring a SGM to be called by the Board. The written requisition must state the purpose(s) of the meeting (including the resolutions to be considered at the meeting), and must be signed by the requisitionists and deposited at the Company's principal place of business in Hong Kong at 28/F, Viva Place, 36 Heung Yip Road, Wong Chuk Hang, Hong Kong for the attention of the Board and the Company Secretary, and may consist of several documents in like form, each signed by one or more requisitionists. If the requisition does not comply with the relevant requirements of the Bye-laws or the Companies Act, the requisitionists will be advised of the same and accordingly, the SGM will not be convened as requested.

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

Shareholders' Right *(Continued)*

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists or any of them representing more than one-half of the total voting rights of all of them may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of 3 months from the said date of deposit of the requisition. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board.

Sections 79 and 80 of the Companies Act provides that on a requisition of certain Shareholder(s), the Company shall give notice to the Shareholders in respect of any resolution which is intended to be moved at an AGM and/or to circulate a statement in respect of any proposed resolution or business to be considered at a general meeting of the Company.

Under section 79 of the Companies Act, at the expense of the requisitionists unless the Company otherwise resolves, it shall be the duty of the Company on the requisition in writing by such number of Shareholders:

(a) to give to the Shareholders entitled to receive notice of the next AGM notice of any resolution which may properly be moved and is intended to be moved at that meeting;

(b) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The number of Shareholders necessary to make the above-mentioned requisitions to the Company shall be:

(i) either any number of Shareholders representing not less than one-twentieth of the total voting rights of all the Shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or

(ii) not less than one hundred Shareholders.

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

Shareholders' Right *(Continued)*

Under section 80 of the Companies Act, the Company shall not be bound to give notice of any resolution or to circulate any statement as mentioned above unless:

(a) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the Company's principal place of business in Hong Kong:

    (i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

    (ii) in the case of any other requisition, not less than one week before the meeting; and

(b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect to the requisition (i.e. the giving of notice of resolution and/or circulation of statement).

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the Company's principal place of business in Hong Kong, an AGM is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the above-mentioned time shall be deemed to have been properly deposited for the purposes thereof.

Procedures for directing Shareholders' enquiries to the Board

Shareholders should direct their enquiries about their shareholdings to Tricor Investor Services Limited, the Company's Share Registrar and Transfer Office in Hong Kong. Other Shareholders' enquiries can be directed to the Company Secretary from time to time. Enquiring Shareholder has to provide evidence to the Company to identify its identity. Please refer to the section headed "**Corporate Information**" of this Report for the contact details.

COMMUNICATION WITH SHAREHOLDERS *(Continued)*

Constitutional Documents

There was no change to the Company's constitutional documents during the year ended 31 December 2024. A copy of the latest version of the memorandum of association and Bye-laws is available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.autoitalia.com.hk.

Voting by Poll

The Company informed Shareholders of the procedures for demanding a poll by incorporating them in any circular for an AGM and a SGM, if any. In addition, in every general meeting, the chairman of the meeting provided an explanation of the detailed procedures for conducting a poll at the meeting. The procedures for conducting a poll were incorporated in the circular for the AGM.

COMPANY SECRETARY

Ms. KWONG Yin Ping Yvonne has been appointed as the Company Secretary with effect from 30 May 2018. She is a senior vice president of SWCS. Ms. Kwong obtained a Bachelor Degree in Accounting from the Hong Kong Polytechnic University. She is a fellow member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute in United Kingdom. Ms. Kwong currently also serves as the company secretary or joint company secretary of several companies listed on the Stock Exchange. She had undertaken no less than 15 hours of relevant profession training during the year ended 31 December 2024.

The contact person of Ms. KWONG Yin Ping Yvonne at the Company is Mr. CHONG Tin Lung Benny, Executive Director, Executive Chairman and Chief Executive Officer.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In accordance with Appendix C2 – Environmental, Social and Governance Reporting Guide (the "**ESG Guide**") of the Main Board Listing Rules (the "**Listing Rules**") issued by The Stock Exchange of Hong Kong Limited (the "**HKEx**"), Auto Italia Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**", "**We**", "**Our**" and "**Us**") present this Environmental, Social and Governance ("**ESG**") Report for the year ended 31 December 2024 (the "**Reporting Period**").

REPORTING SCOPE AND PRINCIPLES

Regarding the revenue portion, stakeholders' interests, operation locations and the ESG-related risks, this report provides detailed information on the Group's ESG policies of its investment properties and financing businesses in Hong Kong, its car dealership business in Wuhan ("**Wuhan Junyi**"), as well as its research and development and sales of auto parts and accessories for vehicles, and the sales of electric vehicles by Hudson Group ("**Hudson**"), which are key geographical and operational segments of the Group during the Reporting Period. We acquired Hudson in October 2024, which has resulted in a higher degree of fluctuation in our environmental and social key performance indicators when compared to previous financial years. To facilitate more meaningful comparative data and ensure consistent reporting, we have included full 12-month ESG data for Hudson from 1 January 2024 to 31 December 2024.

This report adheres to several principles, including:

Materiality: Important and relevant information pertaining to environmental and social issues are identified through the stakeholder materiality assessment and disclosed in this report.

Quantitative: Quantitative information with comparative data, where appropriate, are presented to enable an objective assessment of the Company's ESG performance.

Consistency: Consistent methodologies are adopted in preparation of ESG data and comparison of data to past year results where appropriate.

Balance: ESG performance of the Company is reported in a fair and objective manner.

Transparency: Disclosures of all relevant and material data as mandated by HKEx adhere to a high level of transparency and authenticity.

ESG PERFORMANCE HIGHLIGHTS

In 2024, we achieved:

Total GHG emission
decreased by 31%
from 2023

Electricity and petrol consumption
decreased by 25% and 38%
respectively from 2023

ESG GOVERNANCE

The Group's governance is built on a strong foundation and belief in which a well-developed corporate governance framework is key to success. Our ESG taskforce, which includes senior management as well as department heads of different functions semi-annually reports to the Board of Directors which provides a main direction for the Group's ESG strategies, oversight of ESG issues and a review of progress made against ESG-related goals and targets, ensuring the effectiveness in the control of ESG-related risks and internal control systems. The Board of Directors has the overall responsibility for the Group's ESG reporting and strategy in achieving green operations for sustainable development.

The responsibility of the ESG taskforce includes but not limited to the followings:

- Establishing long-term ESG goals and missions of the Group;
- Evaluating, prioritising, monitoring and managing ESG-related risks;
- Evaluating the effectiveness of the Group's ESG management systems; and
- Reporting the ESG objectives achieved to the Board on a regular basis.

The ESG taskforce is provided with sufficient resources by the Board of Directors and is authorised to carry out its ESG-related duties such as stakeholder engagement and materiality assessment. For example, the ESG taskforce could, if necessary, inquire the internal and external stakeholders of the Group, and have professional advice at the expense of the Group.

In addition, we monitor closely updates in relevant laws, regulations and compliance requirements applicable to the Group with an aim to assess and modify our internal ESG initiatives regularly to ensure the compliance of the ESG-related rules, guidelines and regulations.

We have also incorporated our ESG visions into our operation activities. We have implemented a series of environmental-friendly measures to reduce the emissions, such as using fuel-efficient vehicles and adopting energy-saving measures in workplace. We have also evaluated our investment decision with regard to the sustainability to the environment and our society.

We perform regular review on our risk management process, and assess our material risks, including ESG-related risks. The ESG taskforce and the Board are responsible to design and implement proper internal control measures to mitigate the ESG risks. This includes enhancing the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions as well as the ESG side with the performances and reporting.

Moreover, following our regular review, we would revise and adjust these controls and measures accordingly. This assures that our employees are working efficiently and helping the Company to achieve its ESG objectives for the year. Please refer to the "**Risk Management and Internal Control**" section of the Company's "**Corporate Governance Report**" for details of our risk management and internal control systems.

During this Reporting Period, after the Board's evaluation of performance against the ESG-related targets (including the consideration of factors such as stakeholder feedback), no material exception was noted and the main challenge for the Company in the coming few years is that as there might be new investment or acquisition projects related to new industries, their relevant ESG-related risks need to be closely monitored.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is the process involving internal and external parties that can influence or get influenced by the Group's decision. The Group takes proactive role in the interaction with stakeholders from various sectors. In order to achieve effective communication among the stakeholders, the Group has adopted the following engagement methods:

#	Relevant Stakeholders	Engagement Methods
1	Customers	• Corporate website • Client service hotline • Client meetings
2	Employees	• Internal emails and publications • Meetings and briefings • Trainings • Employee activities
3	Suppliers and Business Partners	• Business meetings • Regular audits
4	Investors and Stockholders	• Annual General Meeting • Annual and Interim Reports • Announcements and circulars
5	Government and Supervising Authorities	• Public consultation
6	Social Groups and Public	• Charitable activities
7	Media	• Corporate Website • General Hotline

MATERIALITY ASSESSMENT

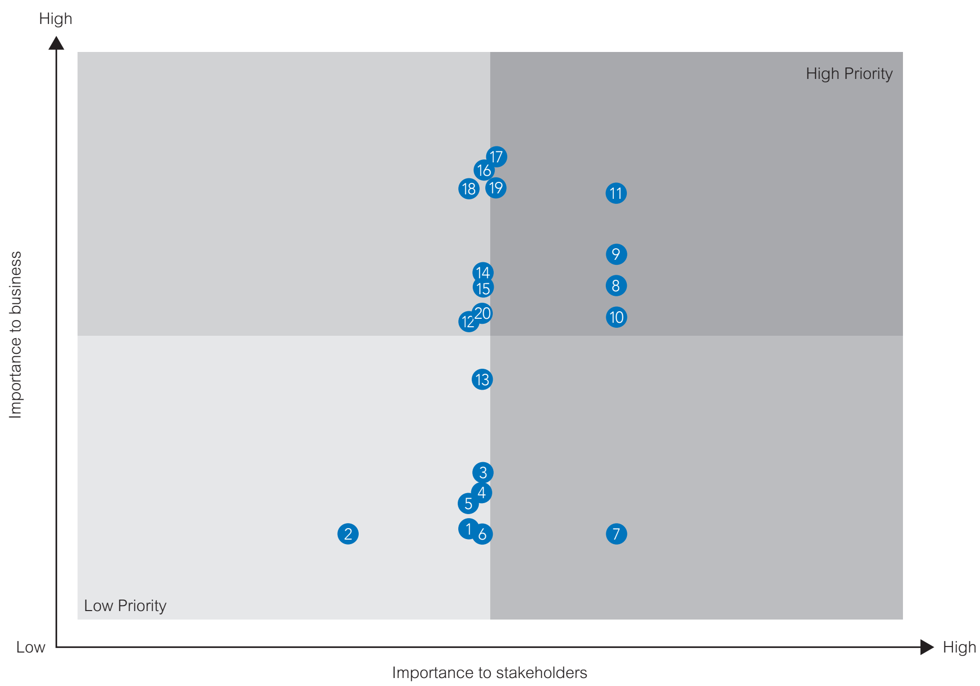
We have identified our material ESG issues to be reported by the means of materiality assessment, which was conducted with reference to the recommendations of the ESG Guide. The materiality assessment included the consideration of our business location and industry, and included the following steps:

Stakeholder engagement We maintain consistent engagement with key stakeholders through meetings, events, and other communications and feedback channels. To evaluate the materiality and relevance of critical ESG priorities, we conducted a stakeholder survey encompassing internal stakeholders such as department heads and operational staff and external stakeholders such as customers and suppliers.

Assessment of the issues In consideration of opinions of the stakeholders, the management of the Group ("the Management") discussed the relevance of the issues, including the impact and risks related to the Group.

Determination of the material issues After the discussion by the Management, the ESG issues were ranked in the context of importance and relevance to the Group, and the most material issues would be summarised in this ESG Report.

As a result of the materiality assessment, the material topics identified have remained unchanged from previous year. The summary of materiality assessment results of the Group is as follows:



	Material ESG issues		ESG Guide Reference:
Environmental	1.	Greenhouse gas emissions	Aspect A1: Emissions
	2.	Waste Management	Aspect A1: Emissions
	3.	Energy Usage	Aspect A2: Use of Resources
	4.	Water Usage	Aspect A2: Use of Resources
	5.	Resources Conservation	Aspect A2: Use of Resources
	6.	Other Significant Environmental Impacts	Aspect A3: The Environment and Natural Resources
	7.	Climate Change and Resilience	Aspect A4: Climate Change
Social	8.	Employment Practices	Aspect B1: Employment
	9.	Equal Opportunity	Aspect B1: Employment
	10.	Workplace Health and Safety	Aspect B2: Health and Safety
	11.	Staff Training	Aspect B3: Development and Training
	12.	Anti-child and Forced Labour	Aspect B4: Labour Standards
	13.	Supply Chain Management	Aspect B5: Supply Chain Management
	14.	Product Safety	Aspect B6: Product Responsibility
	15.	Products and Services Responsibility	Aspect B6: Product Responsibility
	16.	Data Privacy and Protection	Aspect B6: Product Responsibility
	17.	Customer Service	Aspect B6: Product Responsibility
	18.	Anti-corruption and Money Laundering	Aspect B7: Anti-corruption
	19.	Anti-corruption Training	Aspect B7: Anti-corruption
	20.	Community Engagement	Aspect B8: Community Investment

Note: The Group did not use any packaging materials in operations during this Reporting Period. Therefore, the disclosure related to the use of packaging materials was not applicable.

ESG TARGETS

ESG aspects	Targets
1. Emissions	The Group aims to keep carbon emission levels as minimal in 2025, ensuring they remain as close to current levels in 2024 as possible.
2. Wastes	The Group aims to minimize the disposal of hazardous and non-hazardous wastes in 2025, ensuring they remain as close to current levels in 2024 as possible.
3. Energy efficiency	The Group aims to keep electricity consumption as minimal in 2025, ensuring they remain as close to current levels in 2024 as possible.
4. Water efficiency	The Group aims to keep water consumption as minimal in 2025, ensuring they remain as close to current levels in 2024 as possible.

Please refer to the individual section of the ESG aspects below for the discussion of our actual ESG performance during the Reporting Period.

A) ENVIRONMENT

Aspect A1:

As part of our aim, we strive to reduce the impact we have had on the environment through adoption of green business practices while minimizing environmental pollution. The Group has established a Sustainability Policy that all our staff should ensure environmental compliance, minimize environmental impact and adopt green practices.

In 2024, The Group recorded a decrease in absolute emission of greenhouse gas ("**GHG**"), nitrogen oxide ("**NOx**"), sulfur oxide ("**SOx**") and particulate matter ("**PM**"). This primarily resulted from the reduced business activities of Wuhan Junyi and the reduced use of company cars by the Hong Kong office. In the future, the Group will continue monitoring the emission levels and strive to reduce emissions as much as possible.

The Group will aim to maintain practices to keep carbon emission levels as minimal in 2025, ensuring they remain as close to current levels in 2024 as possible. We will also continue implementing efforts to reduce resource consumption at the source. Relevant emission figures will continue to be monitored periodically to ensure the Group is on track to achieve its target.

The Group is committed to complying with environmental laws and regulations such as the Air Pollution Control Ordinance, Waste Disposal Ordinance, Water Pollution Control Ordinance and Noise Control Ordinance in Hong Kong, and the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Energy Conservation.

No cases of non-compliance with abovementioned environmental laws and regulations were noted during this Reporting Period.

A) ENVIRONMENT *(Continued)*

Aspect A1: *(Continued)*

Air Emissions

During this Reporting Period, the emissions of the Group were as follows:

Types of emission[1]	Unit	2024	2023
NOx	kilogram	1.61	2.60
SOx	kilogram	0.06	0.10
PM	kilogram	0.12	0.19

To further control emissions from existing vehicles, we have centralized the vehicle management and route planning functions to reduce the travelling distance. Moreover, we used vehicles of higher fuel efficiency to cut down on fuel consumption, and hence there are fewer vehicle emissions. We have also closely monitored the conditions of our working vehicles, all of which have passed the annual tests held by the local authority.

We have not received any penalty from the government for excessive emissions of our vehicles and no cases of non-compliance with the Air Pollution Control Ordinance or with other relevant environmental laws and regulations in Hong Kong and China were noted in this Reporting Period.

Carbon Footprint

The Group is committed to mitigating GHG emissions and reducing negative impacts on the environment generated during its daily operations. We have continuously tracked and analyzed our carbon footprint in order to identify reduction areas and provide transparency to our stakeholders regarding our progress.

Despite the addition of Hudson to our Group, the reduced business activities in Wuhan Junyi and decreased use of company cars have led to a 31% reduction in GHG emissions.

1 The calculation of air emissions was based on the "Reporting Guidance on Environmental KPIs" issued by HKEx.

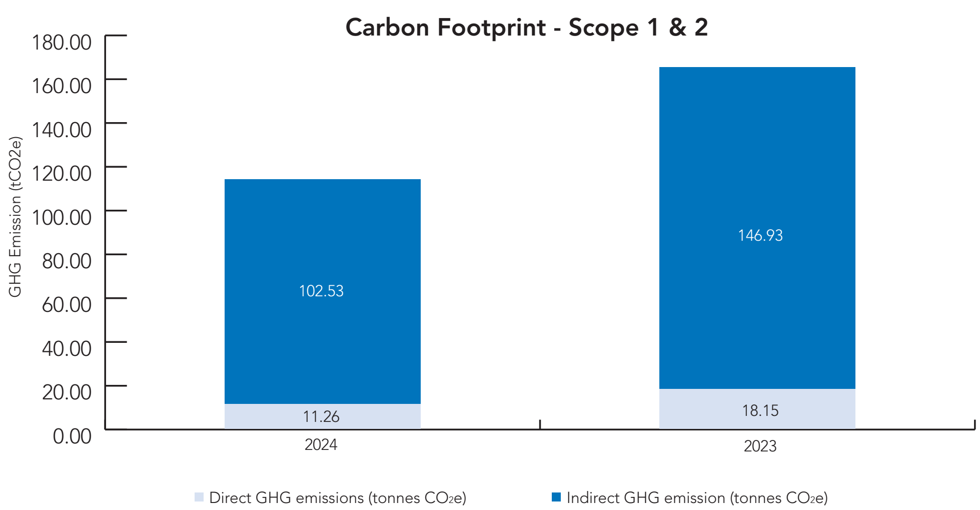
A) ENVIRONMENT *(Continued)*

Aspect A1: *(Continued)*

Carbon Footprint *(Continued)*

The Group has identified two major sources of emissions: petrol and electricity. The use of petrol (2024: 4,232 Liters; 2023: 6,822 Liters) accounted for around 10% of our total carbon footprint in 2024. The use of electricity (2024: 193,467 kWh; 2023: 257,333 kWh) accounted for around 90% of our total carbon footprint in 2024. The details of our GHG emissions are as follows:

Greenhouse gas emissions[2]	Unit	2024	2023
Direct GHG emissions (Scope 1)	tonnes of CO_2 equivalent ("tonnes CO_2e")	**11.26**	18.15
Indirect GHG emissions (Scope 2)	tonnes CO_2e	**102.53**	146.93
Total GHG emissions (Scope 1 & 2)	tonnes CO_2e	**113.79**	165.08
GHG emission Intensity (Scope 1 & 2)	tonnes CO_2e per HK$1 million of revenue	**3.63**	3.48



Most of the carbon emissions were attributed to the use of electricity, which was necessary to maintain the operation of the business. However, we have policies within the office to switch off equipment after use or leaving the workplace. Additionally, separate light switches have been added for different light zones and installed motion sensors in areas that are not frequently used. Regular checks and maintenance work is performed to ensure efficiency of equipment and appliances. Nonetheless our group will continue to identify emission hotspots and allocate sufficient focus to emission reduction measures.

2 When calculating greenhouse gas emission, this Report referred to the national grid average CO2 emission factors for 2022 stated by the Ministry of Ecology and Environment of the People's Republic of China, and the "Reporting Guidance on Environmental KPIs" issued by HKEx.

A) ENVIRONMENT *(Continued)*

Aspect A1: *(Continued)*

Waste Management

Wastes

The Group is committed to minimising the negative environmental impact arising from handling and disposal of wastes, if any. We incorporate the waste management principles of "Reduce", "Reuse", "Recycle" and "Replace" into our waste management policy. We aim to reduce the generation of wastes from our operations and ensure the waste materials, if any, are handled in an environmentally friendly manner. To achieve these objectives, we have developed and implemented an effective waste management programme in our operations to encourage source separation and promote reuse and recycling practices.

We also place a high emphasis on enhancing the awareness of the importance of reducing waste generation through green procurement practices and administrative approaches. Furthermore, it is in our policy that all of our waste handling practices shall comply with the relevant laws and regulations and shall have no harmful effects on the environment and human health.

The major hazardous wastes in our operations include motor oil, antifreeze for engines and old batteries of vehicles. During this Reporting Period, the usage of motor oil, antifreeze and batteries was as follows:

		2024		2023	
Type	**Unit**	**Amount**	**Intensity (per HK$1 million of revenue)**	Amount	Intensity (per HK$1 million of revenue)
Motor oil	Tonnes	**0.12**	**0.0039**	0.20	0.0041
Antifreeze	Tonnes	**0.01**	**0.0002**	0.05	0.0010
Batteries	Tonnes	**0.01**	**0.0004**	0.08	0.0019

The motor oil, antifreeze, and batteries wastes are generated from test driving and after-sales services from Wuhan Junyi. Owing to the reduction in business activities in Wuhan Junyi, the use of motor oil, antifreeze and batteries has correspondingly decreased.

Hazardous wastes, if any, from our operations were handled and processed by government-approved licensed service providers which have been regularly assessed and monitored by us to ensure their services meet the required standards.

A) ENVIRONMENT *(Continued)*

Aspect A1: *(Continued)*

Waste Management *(Continued)*

Wastes (Continued)

The major non-hazardous wastes in 2024 were paper used in the office and ink-cartridges. To further reduce the quantity of waste, energy-saving materials such as light-weight printing papers are used in our operations. The table below demonstrates the comparison of paper used in 2024 and 2023:

		2024		2023	
Type	**Unit**	**Amount**	**Intensity (per HK$1 million of revenue)**	Amount	Intensity (per HK$1 million of revenue)
Paper	Tonnes	**0.08**	**0.00251**	0.08	0.00165
Ink-cartridge	Tonnes	**0.01**	**0.00042**	0.01	0.00027

The usage of paper and ink cartridges during the Reporting Period remained the same as in 2023. The slight increase in disposal intensity was due to decreased revenue. Going forward, the Group will closely monitor the disposal of wastes and encourage recycling to reduce waste.

We have been using recycled paper and duplex printing for internal documents and have reduced paper communication among offices with electronic communication measures. The Group continues to encourage more operations to be carried out digitally. Instead of printing and scanning documents, we encourage our employees to adopt the use of electronic files. This enables us to address and reduce our main non-hazardous wastes in our operations.

Going forward, the Group aims to minimize the disposal of hazardous and non-hazardous wastes in 2025, ensuring they remain as close to current levels in 2024 as possible.

Environmental Commitment

The Group is dedicated to continuously lower our carbon footprints. We successfully achieved several sustainability targets established in 2023. For example, in 2024, we reduced hazardous and non-hazardous waste disposal, emissions, and electricity and petrol consumption compared to 2023 levels. This progress gives the Group more confidence in its abilities to execute green initiatives effectively and operate in an optimally sustainable manner. Regarding initiatives, we have adopted various measures to control resource usage and to raise environmental awareness among our employees.

Please refer to "**Resources Conservation**" for more details regarding initiatives to control resource usage.

A) ENVIRONMENT *(Continued)*

Aspect A2:

Resources Conservation

The Group conserves resources for environmental and operating efficiency purposes. The major resources used by the Group include electricity and fuels. To encourage participation from all levels of staff, we have increased our efforts to integrate business performance with environmental and resources efficiency considerations.

We have implemented a number of environmentally friendly measures to control our use of resources in our operations and workplaces. We also monitor closely on the technological advancements in the machinery, systems, and infrastructures we use to achieve better resource efficiency. For example, we use energy efficient devices and equipment such as LED lights, energy-efficient air-conditioning, air handling systems, and appliances with Grade 1 energy labels. Furthermore, we have adopted green office practices, such as turning off idle lights and computers, and have conveyed green messages to employees regularly through emails and signage to promote the concept of resource conservation.

These measures assist in the comprehensive reduction of resource consumption from source to end-use, thereby creating both environmental and financial benefits for the Group. In addition, regular monitoring and reporting of electricity and fuels usage were in place to enable us to evaluate our resources consumption and formulate action plans to conserve these resources. We have formulated a power and water saving policy that everyone is responsible for reducing electricity consumption. A timer has been set on the air-conditioners in the office to limit their usage. Moreover, we did not encounter any difficulty in sourcing water.

The following table summarizes our resource consumption during this Reporting Period:

		2024		2023	
Type of resource	**Unit**	**Amount**	**Intensity (per HK$1 million of revenue)**	Amount	Intensity (per HK$1 million of revenue)
Electricity	kWh	**193,467**	**6,176.68**	257,333	5,417.05
Petrol	Litre	**4,232**	**135.10**	6,822	143.61
Water	m^3	**510**	**16.28**	370	7.79

We have consumed less electricity and petrol during the Reporting Period than in the previous year due to the reduced business activities in Wuhan Junyi and the reduced use of company cars by the Hong Kong office. The Hong Kong office's water consumption was excluded from this report, as its water bills were covered by the landlord who shared the same ownership as the Group. The increase in water consumption during the Reporting Period is attributed to the inclusion of Hudson in our Group, where Hudson has higher water consumption in its office. The Group will closely monitor water consumption and implement water conservation measures, including strengthening maintenance of water equipment and drainage systems, as well as developing and improving water conservation rules and guidelines to address the increased water consumption. The rise of consumption intensity for electricity and water in 2024 was primarily due to the decreased revenue.

A) ENVIRONMENT *(Continued)*

Aspect A2: *(Continued)*

Resources Conservation *(Continued)*

Going forward, the Group aims to keep electricity consumption as minimal in 2025, ensuring they remain as close to current levels in 2024 as possible. We will explore opportunities to further reduce electricity consumption, such as collaborating with relevant parties, retrofitting, and incorporating sustainable technologies to improve our electricity efficiency. Similarly, regarding water consumption, the Group is also aiming to keep it as minimal in 2025, ensuring they remain as close to current levels in 2024 as possible. Our ESG taskforce will continue to broaden the scope of our green agenda and identify energy improvement opportunities in order to uphold our commitment to sustainable development and environmental stewardship in the workplace.

Aspect A3:

Other Significant Environmental Impacts

In addition to the aforementioned environmental impacts, other potential negative impacts on the environment and natural resources have been considered in making investment decisions and planning for future development. While minor impacts, such as light pollution from showroom lightning, may occur, we have implemented proper design, equipment, and other measures to further reduce environmental impacts.

To protect the environment and natural resources, we must regularly monitor environmental risks related to our business operations. Periodic evaluations are conducted to identify any negative environmental impacts. Based on these evaluations, preventive measures are implemented to mitigate environmental risks and to ensure the Group's compliance with relevant laws and regulations. Apart from the above, the Group has not identified any other significant environmental impacts in our operations, such as major pollution incidents or violations of relevant environmental protection laws and regulations, during the Reporting Period.

Aspect A4:

Climate Resilience

The management of the Company holds a controlling interest and will take adequate steps to enhance its resilience to climate change by identifying and managing climate change risks and opportunities, and by developing strategies that align with global best practices to adapt to and mitigate the impact of climate change on its operations.

The Group recognizes the impacts of climate change and is committed to mitigating climate-related risks to its operations. Physical climate risks, such as extreme weather events, may damage our property and assets and potentially disrupt the delivery of our goods and services. Business processes and operations may be intermittently slowed down or halted when staff are unable to reach their workplaces due to adverse weather conditions. The company has provided guidelines and technical support for staff on how to work remotely from home while maintaining high-level performance. This includes strategies to minimalize factors that could affect their working efficiency and effectiveness.

A) ENVIRONMENT *(Continued)*

Aspect A4: *(Continued)*

Climate Resilience *(Continued)*

Transition climate risks, including policy changes and shifts in market preferences, could also potentially increase operational costs and lower revenue.

Closely related to climate change, air pollutants may adversely affect staff health, leading to decreased productivity and an increased likelihood of illness. The Company is committed to providing a safe and healthy workplace for our employees.

To further mitigate the negative impacts of climate change, we will continue to incorporate measures to reduce our carbon footprint through the establishment and implementation of long-term carbon emissions reduction targets. We encourage employees, suppliers, and customers to reduce carbon emissions in their daily operations wherever practicable and to adopt industry best practices to improve energy efficiency. We aspire to make a positive impact on our climate and environment.

B) SOCIAL

Aspect B1:

Employment Practices

We believe our employees are among the most valuable assets of the Group. To this end, we offer competitive remuneration packages, benefits programmes, as well as learning and development opportunities to attract, motivate, and retain talents. In addition, we have developed Human Resources Policies that govern the recruitment, termination, promotion, discipline, working hours, leave, and benefits for our employees.

The level of compensation for our employees is reviewed annually based on their performance and in reference to the market standards. A wide range of benefits, including comprehensive medical and employee compensation insurance, social security contributions, and mandatory provident funds, are provided for employees. We place a strong focus on the training and development opportunities, as well as social activities, for all employees. Furthermore, our Hong Kong office has implemented "Family-friendly Employment Practices" to help our employees balance their work and family responsibilities. These practices include flexible work arrangements and special leaves, such as compassionate leave and a "Breastfeeding Friendly Workplace".

The Group respects cultural and individual diversity. We are committed to ensuring that no one is discriminated against based on personal characteristics such as gender, pregnancy, marital status, disability, family status, or race. We emphasise equal employment and career development opportunities for all of our employees. The Board of the Company currently comprises 1 female Director and 6 male Directors. The Company is committed to increasing gender diversity not only on the Board but throughout the entire workforce. For details on our workforce, please refer to the section "**Appendix – Social Performance Summary**" in this Report.

B) SOCIAL *(Continued)*

Aspect B1: *(Continued)*

Employment Practices *(Continued)*

As a responsible employer, we are also committed to complying with all local labour laws concerning employment and employee welfare, such as the Minimum Wage Ordinance, the Employment Ordinance, the Employees' Compensation Ordinance, and the Occupational Safety and Health Ordinance of Hong Kong, as well as the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, and the Social Insurance Law of the People's Republic of China. Our internal departments closely monitor with the latest updates and announcements from local authorities to ensure the Group does not violate any relevant laws and regulations.

No cases of non-compliance with employment-related laws and regulations were noted during the Reporting Period.

Aspect B2:

Workplace Health and Safety

Health and safety standards are our priority in conducting business. We are committed to providing a safe workplace for our employees, as well as for all other individuals likely to be affected by our operations and activities. Appropriate training, evacuation exercises, as well as protective equipment related to occupational health and safety hazards, are provided to our employees at offices in accordance with the applicable laws and other related requirements. Occupational safety guidelines are updated and communicated to all staff regularly to ensure they are informed of the latest safety standards and practices. The Group recognises the importance of protecting the health and safety of our employees in this post-pandemic era. As part of our effort to manage the risk of public health hazards and pandemic risk, the ESG taskforce is continuously monitoring the most up-to-date situations regarding public health and its impact on the health of our employees and the operations of our businesses. The Group has established the following measures to mitigate the risks:

- Requirement to wear surgical face masks in the workplace when necessary;
- Provision of hand sanitizers to employees, customers, and visitors;
- Issuance of internal notices to all employees to remind them the importance of maintaining personal hygiene;
- Daily cleaning of the workplace; and
- Implementation of a flexible working policy.

B) SOCIAL *(Continued)*

Aspect B2: *(Continued)*

Workplace Health and Safety *(Continued)*

These measures are reviewed by our management team regularly to ensure they remain effective in preventing health and safety incidents over time. Our employees are required to strictly adhere to all applicable health and safety measures and immediately inform their direct supervisor in the event of any accidents or injuries. Relevant reports will be prepared periodically and submitted to management for review and monitoring.

We have demonstrated, and will continue to showcase, our resilience in meeting challenges, ensuring business continuity, and serving the interests of our stakeholders.

Adhering to our core value on health and wellbeing, we will continue to offer competitive remuneration packages and benefit programs to support our employees and focus on fostering a supportive and safe working environment. Simultaneously, we will continue to support our employee's ongoing education and development to unlock their hidden potentials. We will collaborate with our employees to navigate through any unprecedented health challenges.

Over the past three years (including this Reporting Period), there have been no work-related fatalities or workplace accidents. In addition, there have been no lost days due to work injuries during the Reporting Period.

No instances of non-compliance with occupational health and safety-related laws and regulations, including the Law of the People's Republic of China on Work Safety and the Occupational Safety and Health Ordinance in Hong Kong, were noted during this Reporting Period.

B) SOCIAL *(Continued)*

Aspect B3:

Staff Training

The Group acknowledges the importance of our staff being well-prepared to meet the needs of our customers. Therefore, we encourage and support our employees in continuously participating in personal and professional training.

A series of training programmes, including on-the-job coaching, is provided to our staff on a regular basis. We believe that these programmes could enhance the staff's competencies in performing their roles. As for external training, the policies on examination leave and reimbursement for tuition, seminars, or workshop fees have been established and implemented to support our staff's pursuit of professional development.

Overall, 61.5% (2023: 91%) of employees have received training during the Reporting Period. The significant decrease in percentage was resulted from the termination or resignation of all full-time employees at Wuhan Junyi, whereas their training records are not included in the calculation of training data. Additionally, the contractors responsible for the operations of Wuhan Junyi, whose training was provided by third parties, were not included in our training data.

For details of our training data, please refer to the section "**Appendix – Social Performance Summary**" in this Report.

Aspect B4:

Anti-Child and Forced Labour

The Group prohibits the use of child and forced labour in any form within our operations and services. Internal control procedures, such as background checks and job interviews, are conducted on every candidate by us during the recruitment process to ensure that no child and forced labour is hired. The Group continually reviews and assesses its employment practices and engages with employees to prevent child and forced labour. This ensures compliance with relevant laws, such as the Labour Law and Provisions on the Prohibition of Using Child Labour of the People's Republic of China, as well as the Employment Ordinance (Cap. 57) of Hong Kong. Any issues identified will be reported to the senior management immediately and addressed promptly.

No instances of non-compliance with Employment Ordinance or other laws and regulations related to child and forced labour were noted during the Reporting Period.

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B) SOCIAL *(Continued)*

Aspect B5:

Supplier Practices

The Group supports to its suppliers, service providers, and business partners in maintaining high standards of business ethics and conduct while addressing environmental and social issues arising from their operations.

We believe that effective supply chain management and supplier engagement are crucial for the sustainable development of the Group. The Group expects all of its suppliers to align with the core values of the Group in corporate social responsibility. During the supplier engagement process, ESG performance is considered as one of the key assessment criteria to encourage suppliers to adopt socially and environmentally responsible practices.

The Group has long maintained a strong stance with a clear message against any form of forced, coerced, or bonded labour. Adherence to legal minimum age requirements for employment is strictly enforced. Moreover, we mandate all our suppliers establish and implement policies and procedures to prevent illegal labour, bribery, corruption and fraud within their operations.

Identifying, assessing and mitigating the environmental and social impacts of our suppliers are central to our sustainable supply chain strategy. We recognise that climate and social issues such as unpredictable extreme weathers, labour disputes and unanticipated incidents can significantly affect our supply chain. This awareness motivates the Group to refine its framework and manage ESG risks effectively throughout the supply chain.

To ensure the integrity of our supply chain, regular supplier reviews and due diligence are conducted. These processes help identify potential issues that may necessitate further action. Supplier ESG performance is continuously monitored and assessed as they fulfil their contractual obligations. Reports on supplier evaluations, along with updates on supplier ESG performance, will be prepared and submitted to senior management for review and approval as needed.

Suppliers must adhere to the Group's corporate social responsibility policies in all material aspects. Those failing to comply with these standards face termination of business relations and exclusion from future opportunities.

During the Reporting Period, the Group had 13 major suppliers, 1 located in Italy and 12 located in Mainland China.

B) SOCIAL *(Continued)*

Aspect B6:

Data Privacy

The Group respects the data privacy of its stakeholders, including staff, customers, and suppliers, and strictly adheres to the applicable data and privacy protection laws, such as the Personal Information Protection Law in People's Republic of China and the Personal Data (Privacy) Ordinance in Hong Kong.

To implement appropriate data protection measures and safeguard the privacy rights of our stakeholders, the Information Security Policy and Guideline has been established to outline the principles of data privacy management. The general data and privacy protection principles followed by the Group are:

- Personal data is collected only when deemed relevant and necessary;
- Personal data is used solely for the purpose for which it was collected, unless prior consent has been obtained;
- The transfer or disclosure of personal data to any entity outside of the Group is strictly prohibited without consent, except when required by law or previously notified;
- Appropriate security measures have been implemented to prevent unauthorized access to personal data; and
- Access rights to personal data are granted exclusively to designated personnel.

No cases of non-compliance with service and data privacy-related laws were noted during the Reporting Period.

Customer Services

The Group is committed to providing a high-quality service for our customers. To ensure service quality meets standards, stringent and routine audits to the Group are conducted. Any issues identified would be rectified immediately through meetings involving the senior management.

Products and Services Responsibility

The Group is responsible for its products and services and emphasizes ethical sales practices. We do not engage in any unfair business activities. The selling and service delivery processes ensure that information regarding products and services is clear and open. Fraud, misleading information, or any acts that undermine customer confidence or infringe on customer rights are strictly prohibited.

B) SOCIAL *(Continued)*

Aspect B6: *(Continued)*

***Products and Services Responsibility** (Continued)*

To uphold our responsibilities, internal assessments are conducted to identify and monitor various risks, such as environmental and social risks, anti-money laundering, and anti-corruption, across our services. Additionally, potential clients are vetted for risks associated with their business activities before entering into any business agreements.

We adhere to product and service, and data privacy-related law and regulations, such as the Law of the People's Republic of China on the Protection of Consumer Rights and Interests, and the Trade Description Ordinance, Sale of Goods Ordinance, Supply of Services (Implied Terms) Ordinance and Personal Data (Privacy) Ordinance of Hong Kong by timely update to staff members and random checking on potential violation. During this Reporting Period, no cases of non-compliance with products and services-related laws and regulations were noted.

As part of our services, we repair and maintain cars in accordance with the qualifications and scopes approved by the national administrative department, and in accordance with relevant national maintenance standards, specifications or any additional quality requirements agreed upon by customers and us. Our repair and maintenance fees are transparent and strictly follow manufacturers' guidance. We follow manufacturers' standard service procedures and deliver repaired and maintained cars to the customer within the agreed delivery time.

Quality assurance process and recall procedures

To ensure the quality of our services, we provide a quality assurance period from the date of completion of repairs from the factory. We also provide timely and regular training to our staff and workers for new models listed on the market. Daily meetings among our staff are organized to summarize and analyze the day-to-day operations, formulate improvement plans and make timely adjustments.

During this Reporting Period, no products sold were subject to recalls for safety and health reasons and no cases of service-related complaint were noted.

Intellectual Property Rights

In respect to intellectual property and ownership rights, the Group requires its employees to comply with relevant copyright laws in the course of their employment. The Group takes measures to remind our employees and note areas which may be sensitive and vulnerable to copyright infringement instances in its operations, including: (a) Computer software, (b) Making copies of copyright works and (c) Distribution through the Intranet or Internet. Employees are required to follow the Group's strict policies and procedures regarding intellectual property right when making use of materials, pictures, contents as well as all other forms of private intellectual property that are not owned by the Group. Moreover, our employees must comply with relevant laws such as the Patent Law of People's Republic of China and the Patents Ordinance (Cap. 514) of Hong Kong. Failure to do so may result in disciplinary actions.

B) SOCIAL *(Continued)*

Aspect B7:

Anti-Corruption and Money Laundering

The Group is committed to preserving the integrity of its corporate culture. We do not tolerate corruption, money-laundering, or other fraudulent activities. We have established a Staff Code of Conduct which stipulates proper work ethics and practices, and we require all staff to strictly follow the Staff Code of Conduct in their daily business activities. Misconduct, unethical behaviours, and bribery are strictly prohibited in all of our business dealings and relationships. Any breaches of the Staff Code of Conduct by staff members are subject to disciplinary action.

Anti-corruption-related trainings are conducted annually. During the Reporting Period, all directors and employees in the Hong Kong office have received online anti-corruption training. The awareness of anti-corruption within the Group has been enhanced.

The Group has also adopted an Anti-Fraud and Anti-Corruption Policy which sets out the expectations and requirements of business ethics of the Group and the investigation and reporting mechanism of corruption practices. The Group is devoted to maintaining a high standard of integrity, openness, and discipline in its business operations.

A Whistleblowing Policy has been developed for employees to confidentially report potential improprieties concerning operational, financial reporting, or other issues.

In addition, the Group's Whistleblowing Policy encourages and provides a well-defined as well as accessible channel to stakeholders (i.e., both internal and external) of the Group to raise concerns over any unlawful conduct, financial malpractice and/or other wrong-doings. Whistle-blowers should generally approach the company's Chief Financial Officer (the "**CFO**") directly to initiate a thorough investigation. If the CFO is involved in the concern raised, whistle-blowers may choose to report directly to the chairman of Audit Committee instead.

Should the investigation yield sufficient evidence, the investigative team is advised to refer the case to the appropriate local authorities. Upon conclusion of the investigation, a report detailing the findings, impacts, and proposed action plan will be drafted and reviewed by the Audit Committee before recommendations are made to the board of directors of the Group. The Group upholds the highest standards in protecting its whistle-blowers from any form of retaliation.

The Group will continue to adhere to anti-corruption and money laundering-related laws and regulations in Hong Kong and China, such as the Prevention of Bribery Ordinance and Anti-Money Laundering and Counter-Terrorist Financing Ordinance of Hong Kong, and the Criminal Law of the People's Republic of China, the Anti-monopoly Law of the People's Republic of China and the Anti-unfair Competition Law of the People's Republic of China. Effectiveness of our internal controls are reviewed at the minimum annually to ensure a sound internal control system is in place to prevent malpractices.

B) SOCIAL *(Continued)*

Aspect B7: *(Continued)*

Anti-Corruption and Money Laundering *(Continued)*

No cases of non-compliance with anti-corruption and money laundering-related laws and regulations and concluded legal cases regarding corrupt practices were brought against the Group or its employees during this Reporting Period.

Aspect B8:

Community Engagement

In pursuit of our social commitment, we are dedicated to meeting expectations of our stakeholders, including shareholders, customers, business partners, and employees. Our goal is to create mutually beneficial outcomes for everyone by demonstrating our dedication to social well-being and fulfilling our social responsibilities. We actively seek opportunities to participate in various events to demonstrate our care for all walks of life and to foster a culture of social responsibility among our staff.

During the Reporting Period, we did not make any financial donations to charity; however, we have focused on engaging with the community through non-financial means, such as encouraging employee volunteerism. In 2024, we have been awarded the "Caring Company Logo" by the Caring Company Scheme launched by The Hong Kong Council of Social Service, in recognition of our positive contribution in the areas of "Caring for the Community", "Caring for the Employees" and "Caring for the Environment".

Furthermore, we will continue to identify opportunities to contribute to our local community and charity events through active participation, aiming to make a significant impact on improving the health and well-being of those around us.

Appendix – Environmental Performance Summary

Hong Kong, Hudson and Wuhan Junyi	Unit	2024	2023
A1. Emissions			
Direct GHG Emissions (Scope 1)	tCO2e	11.26	18.15
Indirect GHG Emissions (Scope 2)	tCO2e	102.53	146.93
Indirect GHG Emissions (Scope 3)	tCO2e	–	–
GHG Emission Intensity (Scope 1 & 2)	tCO2e/(HK$1 Mill in Revenue)	3.63	3.48
A1.3 Hazardous Waste			
Motor Oil	tonnes	0.12	0.20
Antifreeze	tonnes	0.01	0.05
Batteries	tonnes	0.01	0.08
Hazardous Waste Intensity			
Motor Oil	tonnes/(HK$1 Mill in Revenue)	0.0039	0.0041
Antifreeze	tonnes/(HK$1 Mill in Revenue)	0.0002	0.0010
Batteries	tonnes/(HK$1 Mill in Revenue)	0.0004	0.0019
A1.4 Non-hazardous Waste			
Paper	tonnes	0.08	0.08
Ink-cartridge	tonnes	0.01	0.01
Non-Hazardous Waste Intensity			
Paper	tonnes/(HK$1 Mill in Revenue)	0.00251	0.00165
Ink-cartridge	tonnes/(HK$1 Mill in Revenue)	0.00042	0.00027
A2.1 Energy Consumption			
Electricity	kWh	193,467	257,333
Petrol	Litres	4,232	6,822
Energy Intensity			
Electricity	kWh/(HK$1 Mill in Revenue)	6,176.68	5,417.05
Petrol	Litre/(HK$1 Mill in Revenue)	135.10	143.61
A2.2 Water Consumption			
Water Consumption	m^3	510	370
Water Intensity			
Water Consumption	m^3/(HK$1 Mill in Revenue)	16.28	7.79

Appendix – Social Performance Summary *(Continued)*

Hong Kong, Hudson and Wuhan Junyi	Category	2024	2023
B1. Employment (No. of individuals) [1]			
Total workforce by gender	Male	24	14
	Female	15	8
Total workforce by age group	Below 30	6	3
	30-50	26	16
	Over 50	7	3
Total workforce by employment type	Full-time	24	22
	Part-time	6	0
	Contractor	9	0
Total workforce by employee category	General Staff	19	13
	Middle management	12	5
	Senior management	8	4
Employee resigned/terminated by gender	Male	10	6
	Female	9	8
Employee resigned/terminated by age group	Below 30	2	2
	30-50	17	12
	Over 50	0	0
B1. Employment (Turnover Rate) [2]			
Employee turnover rate by gender	Male	42%	43%
	Female	60%	100%
Employee turnover rate by age group	Below 30	33%	67%
	30-50	65%	75%
	Over 50	0%	0%
B2. Health and safety			
Work-related fatalities [3]	No. of fatalities	0	0
Lost days due to work injury	No. of days	0	0
B3. Development and training (No. of individuals) [4]			
No. of employee trained by gender	Male	16	12
	Female	8	8
No. of employee trained by employee category	General	10	11
	Middle management	6	5
	Senior management	8	4

Appendix – Social Performance Summary *(Continued)*

Hong Kong, Hudson and Wuhan Junyi	Category	2024	2023
B3. The percentage of employees trained by gender and employee category [4]			
Percentage of employees trained by gender	Male	67%	86%
	Female	53%	100%
Percentage of employees trained by employee category	General Staff	53%	85%
	Middle management	50%	100%
	Senior management	100%	100%
B4. Development and training (Hours) [4]			
Average training hours by gender	Male	4.03	5
	Female	9.44	7.88
Average training hours by employee category	General	3.40	2.36
	Middle management	8.92	9
	Senior management	6.56	13
B5. Supply chain management (No. of suppliers)			
No. of suppliers by geographical region	Mainland China	12	0
	Hong Kong	0	0
	Italy	1	1
B6. Product responsibility (Number of cases)			
% of total products sold subject to recall	%	0	0
No. of service-related complaints received	Complaint	0	0
B7. Anti-corruption			
No. of concluded legal cases relating to corruption	Case	0	0
B8. Community investment			
In-kind sponsorship and donations	HK$ equivalent	0	20,000

1. Owing to the addition of Hudson during the Reporting Period, the number of employees increased. As business activities at Wuhan Junyi decreased, all its full-time employees were terminated or resigned. In order to maintain operations, Wuhan Junyi engaged contractors to provide essential operational services, such as sales, administration, finance, and accounting.

2. The turnover rate was calculated as the total number of resigned or terminated employees per category divided by the total number of employees per category at year-end.

3. During the Reporting Period, there was no work-related fatalities.

4. The training data only include the number of employees as at year-end, meaning that trainings provided to resigned or terminated staff were not accounted for. The contractors of Wuhan Junyi have received trainings that were neither provided, organised or managed by the Group; therefore, these trainings were not included in this Report, which resulted in a lower percentage of employees trained and average training hours. Going forward, our Group aims to encourage and provide more trainings to employees as possible.

CONTENT INDEX FOR HKEX ESG REPORTING GUIDE

General Disclosures and KPIs	Description	Reference (Page Number)	Remarks
Environmental			
Aspect A1: Emissions			
General Disclosure		p.61-65, 77	There were no cases of non-compliance regarding greenhouse gas emissions, water and waste noted during this Reporting Period.
KPI A1.1	The types of emissions and respective emissions data	p.62	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	p.63, 77	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	p.64, 77	
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	p.65, 77	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them	p.61-63	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	p.64-65	
Aspect A2: Use of Resources			
General Disclosure		p.66-67, 77	The contents within this report includes relevant details regarding material KPIs to the Group under Aspect A2.
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	p.66, 77	
KPI A2.2	Water consumption in total and intensity	p.66, 77	

CONTENT INDEX FOR HKEX ESG REPORTING GUIDE *(Continued)*

General Disclosures and KPIs	Description	Reference (Page Number)	Remarks
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	p.66-67	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	p.66-67	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	N/A	Packaging material is not material to The Group's operations.
Aspect A3: The Environment and Natural Resources			
General Disclosure		p.67	The contents within this report includes relevant details regarding material KPIs to the Group under Aspect A3.
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	p.67	
Aspect A4: Climate Change			
General Disclosure		p.67-68	The contents within this report includes relevant details regarding material KPIs to the Group under Aspect A4.
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	p.67-68	
Social			
Aspect B1: Employment			
General Disclosure		p.68-69, 78	The contents within this report includes relevant details regarding material KPIs to the Group under Aspect B1.
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	p.78	
KPI B1.2	Employee turnover rate by gender, age group and geographical region	p.78	

CONTENT INDEX FOR HKEX ESG REPORTING GUIDE *(Continued)*

General Disclosures and KPIs	Description	Reference (Page Number)	Remarks
Aspect B2: Health and Safety			
General Disclosure		p.69-70, 78	The contents within this report includes relevant details regarding material KPIs to the Group under Aspect B2.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	p.70, 78	No cases of work-related fatalities were noted in the past three financial years including this Reporting Period.
KPI B2.2	Lost days due to work injury	p.70, 78	No cases of non-compliance were noted in this Reporting Period.
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	p.69-70	
Aspect B3: Development and Training			
General Disclosure		p.71, 78-79	The contents within this report includes relevant details regarding material KPIs to the Group under Aspect B3.
KPI B3.1	The percentage of employees trained by gender and employee category	p.78-79	
KPI B3.2	The average training hours completed per employee by gender and employee category	p.79	
Aspect B4: Labour Standards			
General Disclosure		p.71	The contents within this report includes relevant details regarding material KPIs to the Group under Aspect B4.
KPI B4.1	Description of measures to review employment practices to avoid child or forced labor	p.71	

CONTENT INDEX FOR HKEX ESG REPORTING GUIDE *(Continued)*

General Disclosures and KPIs	Description	Reference (Page Number)	Remarks
KPI B4.2	Description of steps taken to eliminate such practices when discovered	p.71	No cases of non-compliance were noted in this Reporting Period.
Aspect B5: Supply Chain Management			
General Disclosure		p.72, 79	The contents within this report includes relevant details regarding material KPIs to the Group under Aspect B5.
KPI B5.1	Number of suppliers by geographical region	p.72, 79	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	p.72	No cases of non-compliance were noted in this Reporting Period.
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	p.72	No cases of non-compliance were noted in this Reporting Period.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	p.72	No cases of non-compliance were noted in this Reporting Period.

CONTENT INDEX FOR HKEX ESG REPORTING GUIDE *(Continued)*

General Disclosures and KPIs	Description	Reference (Page Number)	Remarks
Aspect B6: Product Responsibility			
General Disclosure		p.73-74	The contents within this report includes relevant details regarding material KPIs to the Group under Aspect B6.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	p.74, 79	
KPI B6.2	Number of products and service related complaints received and how they are dealt with	p.74, 79	No cases of complaints were noted in this Reporting Period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	p.74	
KPI B6.4	Description of quality assurance process and recall procedures	p.74	No cases of recall were noted in this Reporting Period.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	p.74	
Aspect B7: Anti-corruption			
General Disclosure		p.75-76, 79	The contents within this report includes relevant details regarding material KPIs to the Group under Aspect B7.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	p.76, 79	No cases of non-compliance were noted in this Reporting Period.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	p.75	
Aspect B8: Community Investment			
General Disclosure		p.76, 79	The contents within this report includes relevant details regarding material KPIs to the Group under Aspect B8.
KPI B8.1	Focus areas of contribution	p.76	
KPI B8.2	Resources contributed to the focus area	p.76, 79	

Deloitte. 德勤

TO THE SHAREHOLDERS OF AUTO ITALIA HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Auto Italia Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 91 to 174, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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 (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties located in Scotland	
We identified the valuation of investment properties located in Scotland as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the significant management judgements and estimates associated with determining the fair value. As set out in note 4 to the consolidated financial statements, the investment properties are located in Scotland with carrying amount of HK$405,905,000 as at 31 December 2024, which represents approximately 50.9% of total assets of the Group as at 31 December 2024, and net gain from changes in fair value of HK$33,713,000 was recognised in the consolidated statement of profit or loss for the year then ended. As disclosed in note 15 to the consolidated financial statements, the Group's investment properties are held at fair value based on the valuation performed by an independent qualified professional valuer ("**Scotland IP valuer**") by using income approach, which is dependent on certain key unobservable inputs including term yield and reversionary yield and market rental with considerably more subjective management judgements and estimates involved. The fair value is adjusted to exclude prepaid or accrued lease income.	Our procedures in relation to valuation of the investment properties included: • Obtaining the valuation report from management, evaluating the competence, capabilities and objectivity of the Scotland IP valuer; • Obtaining an understanding of the valuation process and assessing the valuation methodology used by the management and the Scotland IP valuer; • Engaging our internal valuation specialists to assess the reasonableness of the key unobservable inputs including (i) the term yield and reversionary yield adopted by the Scotland IP valuer, by comparing to the relevant published market data with yield data and (ii) market rental adopted by the Scotland IP valuer, by comparing to the market rental for comparable properties in similar grade and location; and • Checking the accuracy of rental income and lease terms, on a sample basis, used in the valuation by agreeing those key data to the respective underlying tenancy agreements.

Key audit matter	How our audit addressed the key audit matter
Fair value measurement of investment in preferred shares of Chime Biologics Limited ("Chime Biologics") measured at fair value through profit or loss	
We identified the fair value measurement of investment in preferred shares of Chime Biologics measured at fair value through profit or loss as a key audit matter due to the complexity involved in valuing this investment and the significant management judgements and estimates associated with determining the fair value. As set out in notes 4 and 20 to the consolidated financial statements, the investment in preferred shares of Chime Biologics measured at fair value through profit or loss with carrying amount of HK$40,402,000 as at 31 December 2024, which represents approximately 5.1% of the total assets of the Group as at 31 December 2024, and fair value loss of the investment in preferred shares of Chime Biologics of HK$76,142,000 was recognised in the consolidated statement of profit or loss for the year then ended. As disclosed in notes 20 and 39 to the consolidated financial statements, the Group's investment in preferred shares of Chime Biologics is carried at fair value based on the valuation performed by an independent qualified professional valuer, by using market approach and option model, which is dependent on certain key unobservable inputs, including volatility and equity value with the considerably more subjective management judgements and estimates involved.	Our procedures in relation to the fair value measurement of the investment in preferred shares of Chime Biologics included: • Obtaining the valuation report from management, evaluating the competence, capabilities and objectivity of the valuer, and obtaining an understanding of the valuation process; • Engaging our internal valuation specialists to perform the following procedures: ➢ Evaluating the appropriateness of the valuation methodologies and techniques used by the management and the valuer; ➢ Assessing the reasonableness and relevance of key assumptions and inputs including equity value and volatility, based on data of similar companies in the same industry; and ➢ Checking the mathematical accuracy of the fair value calculations.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Lam Ching.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
Revenue from goods and services	5	**4,682**	15,839
Rental income	5	**26,640**	31,665
Total revenue		**31,322**	47,504
Cost of sales and services		**(10,827)**	(18,469)
Gross profit		**20,495**	29,035
Other income	7	**932**	452
Other gains and losses	8	**(55,423)**	(174,885)
Selling and distribution costs		**(2,060)**	(4,132)
Administrative expenses		**(27,794)**	(33,701)
Finance costs	9	**(33,781)**	(23,567)
Loss before taxation		**(97,631)**	(206,798)
Taxation	10	**625**	901
Loss for the year	11	**(97,006)**	(205,897)
(Loss) profit for the year attributable to:			
Owners of the Company		**(102,136)**	(179,285)
Non-controlling interests		**5,130**	(26,612)
Loss for the year		**(97,006)**	(205,897)
Loss per share			
– Basic	13	**(HK1.93 cent)**	(HK3.39 cent)
– Diluted	13	**(HK1.93 cent)**	(HK3.39 cent)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Loss for the year	**(97,006)**	(205,897)
Other comprehensive (expense) income for the year		
Item that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(2,763)**	13,999
Total comprehensive expense for the year	**(99,769)**	(191,898)
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	**(107,011)**	(172,853)
Non-controlling interests	**7,242**	(19,045)
	(99,769)	(191,898)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current assets			
Investment properties	15	**455,605**	438,791
Property, plant and equipment	16	**5,353**	6,588
Right-of-use assets	17	**4,583**	2,202
Goodwill	18	**64,220**	–
Intangible assets	19	**24,372**	–
Investment of an associate measured at fair value through profit or loss ("**FVTPL**")	20	**40,402**	117,122
Financial asset at FVTPL	21	**130,743**	–
Trade and other receivables	23	**10,534**	7,589
		735,812	572,292
Current assets			
Inventories	22	**6,910**	1,530
Trade and other receivables	23	**17,094**	12,404
Financial asset at FVTPL	21	**15,965**	15,308
Tax recoverable		**10**	87
Pledged bank deposits	24	**3,304**	5,545
Bank balances and cash	24	**18,116**	21,373
		61,399	56,247
Current liabilities			
Trade and other payables	25	**35,161**	18,325
Bank and other borrowings	26	**262,480**	286,554
Loan from a related party	28	**10,643**	–
Loan from a non-controlling member of a subsidiary	27	**11,377**	10,577
Lease liabilities	29	**2,573**	2,252
		322,234	317,708
Net current liabilities		**(260,835)**	(261,461)
Total assets less current liabilities		**474,977**	310,831

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
Capital and reserves			
Share capital	31	**121,850**	105,850
Reserves		**90,737**	58,775
Equity attributable to owners of the Company		**212,587**	164,625
Non-controlling interests		**54,926**	46,658
Total equity		**267,513**	211,283
Non-current liabilities			
Other borrowings	26	**119,374**	57,079
Loan from a related party	28	**–**	11,013
Promissory notes	30	**77,740**	29,700
Deferred taxation	32	**7,271**	1,756
Lease liabilities	29	**3,079**	–
		207,464	99,548
		474,977	310,831

The consolidated financial statements on pages 91 to 174 were approved and authorised for issue by the board of directors on 28 March 2025 and are signed on its behalf by:

CHONG Tin Lung Benny
DIRECTOR

LIN Chun Ho Simon
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital HK$'000	Share premium HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Property revaluation reserve HK$'000 (Note a)	Translation reserve HK$'000	Other reserve HK$'000 (Note b)	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2023	105,850	265,726	2,151	25,999	19,246	(13,751)	166,431	(249,587)	322,065	68,861	390,926
Loss for the year	–	–	–	–	–	–	–	(179,285)	(179,285)	(26,612)	(205,897)
Other comprehensive income for the year	–	–	–	–	–	6,432	–	–	6,432	7,567	13,999
Total comprehensive income (expense) for the year	–	–	–	–	–	6,432	–	(179,285)	(172,853)	(19,045)	(191,898)
Acquisition of a subsidiary (note 34)	–	–	–	–	–	–	–	–	–	11,372	11,372
Share allotment of a subsidiary (note c)	–	–	–	–	–	–	–	14,530	14,530	(14,530)	–
Recognition of equity settled share-based payments, net (note 33)	–	–	–	883	–	–	–	–	883	–	883
Transfer upon lapse of share options	–	–	–	(7,520)	–	–	–	7,520	–	–	–
At 31 December 2023	105,850	265,726	2,151	19,362	19,246	(7,319)	166,431	(406,822)	164,625	46,658	211,283
(Loss) profit for the year	–	–	–	–	–	–	–	(102,136)	(102,136)	5,130	(97,006)
Other comprehensive (expense) income for the year	–	–	–	–	–	(4,875)	–	–	(4,875)	2,112	(2,763)
Total comprehensive (expense) income for the year	–	–	–	–	–	(4,875)	–	(102,136)	(107,011)	7,242	(99,769)
Acquisition of subsidiaries (note 34)	16,000	139,999	–	–	–	–	–	–	155,999	–	155,999
Share allotment of a subsidiary (note d)	–	–	–	–	–	–	–	(1,026)	(1,026)	1,026	–
At 31 December 2024	121,850	405,725	2,151	19,362	19,246	(12,194)	166,431	(509,984)	212,587	54,926	267,513

Notes:

(a) *The property revaluation reserve represents the change in use of a property from owner-occupied property to investment property in previous years.*

(b) *The other reserve of the Group was transferred from the share premium pursuant to the capital re-organisation and the changes in the Group's ownership interest in its subsidiaries in previous years.*

(c) *On 9 October 2023, the Group's subsidiary allotted new shares for the purpose of repayment of other borrowings and certain non-controlling interest shareholders of the subsidiary have not subscribed the new shares. Following the new share allotment, the Group's shareholding in Dakota RE II Limited increase from 54.98% to 69.15%.*

(d) *On 19 December 2024, the Group's subsidiary allotted new shares of the purpose of repayment of other borrowings and certain non-controlling interest shareholders of the subsidiary have not subscribed the new shares. Following the new share allotment, the Group's shareholding in Dakota RE II Limited increase from 69.15% to 70.57%.*

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	NOTE	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES			
Loss before taxation		**(97,631)**	(206,798)
Adjustments for:			
Depreciation of property, plant and equipment		**2,302**	4,413
Depreciation of right-of-use assets		**1,008**	3,230
Amortisation of intangible assets		**544**	803
Impairment loss on property, plant and equipment		**1,081**	–
Impairment loss on intangible assets		**–**	3,267
Interest income		**(414)**	(11)
Interest expenses		**33,781**	23,567
Gain on lease modification		**(33)**	–
Fair value loss on investment of an associate measured at FVTPL		**76,142**	120,591
Fair value loss (gain) on financial assets measured at FVTPL		**4,858**	(1,219)
Fair value (gain) loss of investment properties		**(26,163)**	52,601
Share-based payments expense, net		**–**	883
Loss on disposal of property, plant and equipment		**61**	–
Operating cash flows before movements in working capital		**(4,464)**	1,327
(Increase) decrease in inventories		**(5,261)**	2,935
Decrease (increase) in trade and other receivables		**14,937**	(3,326)
Increase (decrease) in trade and other payables		**3,037**	(5,359)
Net cash from (used in) operations		**8,249**	(4,423)
Income tax (paid) refund		**(4)**	5
NET CASH FROM (USED IN) OPERATING ACTIVITIES		**8,245**	(4,418)
INVESTING ACTIVITIES			
Withdrawal (placement) of pledged bank deposits		**2,241**	(4,047)
Net cash inflow (outflow) on acquisition of a subsidiary	34	**1,672**	(2,069)
Interest received		**414**	11
Deposit paid for acquisition of property, plant and equipment		**(5,641)**	–
Proceeds on disposal of property, plant and equipment		**1,256**	–
Purchase of property, plant and equipment		**(2,378)**	(770)
NET CASH USED IN INVESTING ACTIVITIES		**(2,436)**	(6,875)

	2024 HK$'000	2023 HK$'000
FINANCING ACTIVITIES		
Repayment of bank and other borrowings	**(18,538)**	(59,896)
Repayment for lease liabilities	**–**	(2,184)
Interest paid on bank and other borrowings	**(23,627)**	(17,278)
Interest paid on lease liabilities	**–**	(123)
Advances from a related party	**–**	11,604
Bank and other borrowings raised	**30,629**	50,000
Capital injection from non-controlling interest shareholders of a subsidiary	**2,282**	3,535
NET CASH USED IN FINANCING ACTIVITIES	**(9,254)**	(14,342)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,445)**	(25,635)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**21,373**	42,798
EFFECT OF EXCHANGE RATE CHANGES	**188**	4,210
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	**18,116**	21,373

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the trading of cars and related accessories and provision of after sales services in the People's Republic of China ("**PRC**"), research and development and sales of electric vehicles and related accessories to the European market, property investment and provision of financing. The address of registered office and principal place of business of the Company are disclosed under section "Corporate Information" of this Report.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2. 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 HKAS 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 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.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs *(Continued)*

New and amendments to HKFRSs in issue 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 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[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 HKFRSs	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 new HKFRSs mentioned below, the directors of the Company anticipate that the application of all 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 which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". 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 paragraphs in HKAS 1 have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures". Minor amendments to HKAS 7 "Statement of Cash Flows" 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS 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.

As at 31 December 2024, the Group had net current liabilities of HK$260,835,000. In preparing the consolidated financial statements, the directors of the Company (the "**Directors**") have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and considerations have been taken by the Directors to mitigate the liquidity position of the Group and to improve the financial position of the Group, and the plans and considerations are as follows.

The Group will able to renew the other borrowing of HK$242,109,000 for a period of one year after its maturity on 18 October 2025. In view of sufficient headroom of pledged investment property located in Scotland with fair value of HK$405,905,000 over the borrowing amount, the Directors are of the opinion that the Group will be able to renew the other borrowing, with the satisfaction of the existing lender.

The Group has available undrawn committed borrowing facilities amounting to HK$46,500,000 as at 31 December 2024.

The Group may look for better financing options for the Group or seek opportunity to realise the Group's non-current assets, if necessary, in order to strengthen the Group's future liquidity and financial position.

The Directors are of the opinion that, taking into account the above-mentioned plans and considerations, the Group will have sufficient working capital to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid is recognised directly in equity and attributed to owners of the Company.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting (the "**Conceptual Framework**") except for transactions and events within the scope of HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* or HK(IFRIC)-Int 21 Levies, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Business combinations *(Continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 *Leases*) as if the acquired leases were new leases at the acquisition date. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Business combinations *(Continued)*

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Information about the Group's accounting policies relating to contracts with customers is disclosed in note 5.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Leases *(Continued)*

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss based on effective accrued rentals taking into account of rent free periods and are recognised on a straight-line basis over the term of the relevant lease. Certain rentals received with reference to turnover of tenants are recognised as income when they arise.

Rental income which is derived from the Group's ordinary course of business is presented as revenue.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Buildings in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets with finite useful lives are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill *(Continued)*

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a first-in, first-out basis or specific identification method as appropriate. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Cost necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Foreign currencies *(Continued)*

Exchange difference on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the translation reserve.

Taxation

Income tax expense represents the sum of current and deferred income tax expense. The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Taxation *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Current and deferred tax are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Borrowing costs

Borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are recognised in profit or loss in the period in which they are incurred.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Retirement benefits scheme

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

For Long Service Payment ("LSP") obligation, the Group accounts for the employer Mandatory Provident Fund ("MPF") contributions expected to be offset as a deemed employee contribution towards the LSP obligation in terms of HKAS 19.93(a) and it is measured on a net basis. The estimated amount of LSP obligation is determined after deducting the negative service cost arising from the accrued benefits (being projected and attributed to periods of service) derived from the Group's MPF contributions that have been vested with employees and would be used to offset the employee's LSP benefits, which are deemed to be contributions from the relevant employees.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated losses.

Share options granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the Group obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses (unless the goods or services qualify for recognition as assets).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date/settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("**FVTPL**")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or designated as fair value through other comprehensive income are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and rent receivables subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and other receivables, pledged bank deposits and bank balances) and rent receivables which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets and rent receivables subject to impairment assessment under HKFRS 9 *(Continued)*

The Group always recognises lifetime ECL for trade receivables from contract with customers and rent receivables. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward- looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

3.2 Material accounting policy information *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities at amortised cost

Financial liabilities including other borrowings and trade and other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgement in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Investment in preferred shares of Chime Biologics Limited ("Chime Biologics")

In 2020, the Group entered into a subscription agreement for subscription of 51,847,997 Series A Preferred Shares of Chime Biologics at a consideration of US$32 million. The Group has the right to appoint 1 out of 6 directors of the board of Chime Biologics and therefore the Group has the power to exercise significant influence over Chime Biologics and Chime Biologics becomes an associate of the Group.

In assessing whether the Group's investment in preferred shares should be accounted for using equity method under HKAS 28 "Investments in Associates and Joint Ventures", the directors of the Company consider the key features of the preferred shares which include (i) the holders of preference shares are entitled to non-cumulative dividends at fixed percentage per annum and in preference to the ordinary shareholders on an as-converted basis; (ii) the Series A preferred shareholders are superior to the holders of the ordinary shares in terms of liquidation preference; (iii) the conversion price is subject to downround adjustments and (iv) the preferred shares are automatically converted to ordinary shares only upon consummation of an qualified initial public offering. Taking into account of the above factors and the shareholding structure of Chime Biologics, the directors of the Company consider these preferred shares do not carry rights that are substantially the same as the investee's ordinary shares and accordingly these preferred shares are accounted for as financial instruments measured at fair value through profit or loss under HKFRS 9.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Fair value measurement of investment properties located in Scotland

Investment properties are stated at fair value based on the valuation performed by an independent qualified professional valuer adjusted to exclude any prepaid or accrued lease income. As detailed in note 15, the determination of the fair value of the Group's investment properties located in Scotland are dependent on certain key unobservable inputs including term yield and reversionary yield and market rental with the considerably more subjective management judgements and estimates involved, by comparing to the relevant published research reports with yield data, and market rental for comparable properties in similar grade and location, respectively. In relying on the valuation, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions at the end of the reporting period.

As at 31 December 2024, included in the carrying amount of the Group's investment properties located in Scotland is HK$405,905,000 (2023: HK$381,541,000) which resulted in a net gain from changes in fair value of the investment properties of HK$33,713,000 (2023: loss of HK$47,751,000) recognised in the consolidated statement of profit or loss for the year then ended.

Changes to assumptions including implied rental yield which comprises term yield and reversionary yield would result in changes in the fair values of the Group's investment properties located in Scotland and the corresponding adjustments to the amount of fair value gain or loss reported in the consolidated statement of profit or loss.

Fair value measurement of investment in preferred shares of Chime Biologics measured at fair value through profit or loss

The investment in preferred shares of Chime Biologics is measured at FVTPL based on the valuation performed by an independent qualified professional valuer. As detailed in notes 20 and 39, the determination of the fair value are dependent on certain key unobservable inputs including volatility and equity value based on the volatilities and equity value of similar companies with assumptions of certain market conditions involved management judgements and estimates which are considerably more subjective. At 31 December 2024, the fair value of such investment is HK$40,402,000 (2023: HK$117,122,000). A net loss from changes in fair value of the investment in preferred shares of Chime Biologics of HK$76,142,000 (2023: HK$120,591,000) is recognised in the consolidated statement of profit or loss for the year then ended.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss may arise.

As at 31 December 2024, the carrying amount of goodwill is HK$64,220,000 (2023: nil). Details of the recoverable amount calculation are disclosed in note 18.

Fair value measurement of financial instruments

As at 31 December 2024, the Group's financial asset relating to contingent consideration receivable amounting to HK$130,743,000 (2023: nil) are measured at fair value with fair value being determined based on significant unobservable input, i.e. estimation of revenue of Hudson Group (as defined in note 34) for year ending 31 December 2025. The Group considers the fair value of the financial instrument is the best estimate. Changes in input could result in material adjustment to the fair value of the financial asset.

Estimated impairment of property, plant and equipment, right-of-use assets and intangible assets

Property, plant and equipment, right-of-use assets and intangible assets with finite useful lives are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGUs, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2024, based on impairment assessment made by management, an impairment loss of HK$1,081,000 in respect of property, plant and equipment that have been recognised (2023: HK$3,267,000 in respect of intangible assets). Details of the impairment of property, plant and equipment and intangible assets are disclosed in notes 16 and 19, respectively.

5. REVENUE

(i) Reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information

	2024 HK$'000	2023 HK$'000
Trading of cars and related accessories	**3,516**	12,536
Provision of after sales services	**1,166**	3,303
Revenue from contracts with customers	**4,682**	15,839
Rental income	**26,640**	31,665
Total revenue	**31,322**	47,504

(ii) Performance obligations for contracts with customers

For trading of cars and related accessories, revenue is recognised when the customer obtains the control of the cars and related accessories, being when the cars and related accessories are handed over to the customers and the titles of cars are passed to the customers. Each unit of car is separately identifiable and represents a distinct performance obligation to which the transaction price is allocated. Performance obligations are satisfied at a point in time once control of the goods has been transferred to the customers. The customers have obtained control on the goods through their ability to direct other use of and obtain substantially all the benefits from the goods. Payment of transaction price is due immediately at the point the cars are delivered to the customers.

For revenue from provision of after sales services, revenue is recognised when the customers simultaneously receives and consumes the benefits provided by the Group's performance, being the time when the Group carries out repair and maintenance works over the cars. The average credit period is 60 days.

5. REVENUE *(Continued)*

(iii) Disaggregation of revenue from contracts with customers

	2024 HK$'000	2023 HK$'000
Types of goods and services		
Trading of cars and related accessories	**3,516**	12,536
Provision of after sales services	**1,166**	3,303
Total	**4,682**	15,839
Geographical market		
PRC	**3,510**	15,839
Europe	**1,172**	–
Total	**4,682**	15,839
Timing of revenue recognition		
A point of time	**3,516**	12,536
Overtime	**1,166**	3,303
Total	**4,682**	15,839

6. SEGMENT INFORMATION

Information reported to the chief operating decision maker ("**CODM**"), being the executive directors of the Company, for the purposes of resource allocation and assessment of segment performance, focuses on the types of goods or services provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

As at 31 December 2024, the Group has three operating segments under HKFRS 8 "Operating Segments" which are as follows:

(i) Cars – Trading of cars and related accessories and provision of after sales services in PRC, research and development and sales of electric vehicles and related accessories to the European market;

(ii) Property investment; and

(iii) Financial investments and services – Investments in securities and provision for financing and corporate finance services.

Segment profit/(loss) represents the profit/loss earned by each segment without fair value loss on investment of an associate measured at FVTPL, fair value gain on other financial assets measured at FVTPL, share-based payments, certain unallocated corporate expenses and finance costs. This is the measure reported to CODM for the purpose of resource allocation and assessment of segment performance. The accounting policies of this segment are the same as the Group's accounting policies.

6. SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

For the year ended 31 December 2024

	Cars HK$'000	**Property investment HK$'000**	**Financial investments and services HK$'000**	**Consolidated HK$'000**
SEGMENT REVENUE				
Group's revenue	**4,682**	**26,640**	**–**	**31,322**
SEGMENT RESULTS				
Segment (loss) profit	**(16,682)**	**39,595**	**(357)**	**22,556**
Fair value loss on investment of an associate measured at FVTPL				**(76,142)**
Fair value gain on financial assets measured at FVTPL				**1,197**
Unallocated corporate expenses				**(11,461)**
Finance costs				**(33,781)**
Loss before taxation				**(97,631)**

For the year ended 31 December 2023

	Cars HK$'000	Property investment HK$'000	Financial investments and services HK$'000	Consolidated HK$'000
SEGMENT REVENUE				
Group's revenue	15,839	31,665	–	47,504
SEGMENT RESULTS				
Segment loss	(13,791)	(37,472)	(354)	(51,617)
Fair value loss on investment of an associate measured at FVTPL				(120,591)
Fair value gain on financial asset measured at FVTPL				1,219
Recognition of share-based payments, net				(883)
Unallocated corporate expenses				(11,359)
Finance costs				(23,567)
Loss before taxation				(206,798)

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

At 31 December 2024

	Cars HK$'000	Property investment HK$'000	Financial investments and services HK$'000	Consolidated HK$'000
Assets				
Segment assets	249,781	467,882	–	717,663
Bank balances and cash				18,116
Pledged bank deposits				3,304
Tax recoverable				10
Investment of an associate measured at FVTPL				40,402
Other financial assets measured at FVTPL				15,965
Unallocated corporate assets				1,751
Consolidated assets				797,211

	Cars HK$'000	Property investment HK$'000	Financial investments and services HK$'000	Consolidated HK$'000
Liabilities				
Segment liabilities	50,645	262,830	–	313,475
Promissory notes				77,740
Deferred taxation				7,271
Unallocated corporate liabilities				131,212
Consolidated liabilities				529,698

6. SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 31 December 2023

	Cars HK$'000	Property investment HK$'000	Financial investments and services HK$'000	Consolidated HK$'000
Assets				
Segment assets	10,865	456,264	–	467,129
Bank balances and cash				21,373
Pledged bank deposits				5,545
Tax recoverable				87
Investment of an associate measured at FVTPL				117,122
Other financial asset measured at FVTPL				15,308
Unallocated corporate assets				1,975
Consolidated assets				628,539

	Cars HK$'000	Property investment HK$'000	Financial investments and services HK$'000	Consolidated HK$'000
Liabilities				
Segment liabilities	14,652	276,754	–	291,406
Promissory note				29,700
Deferred taxation				1,756
Unallocated corporate liabilities				94,394
Consolidated liabilities				417,256

For the purpose of monitoring segment performance and allocating resource between segment:

– all assets are allocated to operating segment other than unallocated corporate assets, tax recoverable, investment of an associate measured at FVTPL, other financial assets measured at FVTPL, bank balances and cash and pledged bank deposits;

– all liabilities are allocated to operating segment other than unallocated corporate liabilities, deferred taxation and promissory notes.

6. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 December 2024

	Cars HK$'000	Property investment HK$'000	Financial investments and services HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment results or segment assets					
Addition to property, plant and equipment	2,378	–	–	–	2,378
Depreciation of property, plant and equipment	(1,637)	(665)	–	–	(2,302)
Depreciation of right-of-use assets	(1,008)	–	–	–	(1,008)
Amortisation of intangible assets	(544)	–	–	–	(544)
Fair value gain on investment properties	–	26,163	–	–	26,163
Fair value loss on finance assets measured at FVTPL	(6,055)	–	–	–	(6,055)
Impairment loss on property, plant and equipment	(1,081)	–	–	–	(1,081)
Amounts regularly provided to the CODM but not included in the measure of segment results or segment assets					
Fair value loss on investment of an associate measured at FVTPL	–	–	–	(76,142)	(76,142)
Fair value gain on financial assets measured at FVTPL	–	–	–	1,197	1,197

6. SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2023

	Cars HK$'000	Property investment HK$'000	Financial investments and services HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment results or segment assets					
Addition to property, plant and equipment	731	39	–	–	770
Depreciation of property, plant and equipment	(3,767)	(646)	–	–	(4,413)
Depreciation of right-of-use assets	(3,230)	–	–	–	(3,230)
Amortisation of intangible assets	(803)	–	–	–	(803)
Impairment loss on intangible assets	(3,267)	–	–	–	(3,267)
Fair value loss on investment properties	–	(52,601)	–	–	(52,601)
Amounts regularly provided to the CODM but not included in the measure of segment results or segment assets					
Fair value loss on investment of an associate measured at FVTPL	–	–	–	(120,591)	(120,591)
Fair value gain on financial assets measured at FVTPL	–	–	–	1,219	1,219

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	2024 HK$'000	2023 HK$'000
Customer A[1]	**5,872**	11,779
Customer B[1]	**6,649**	6,474
Customer C[1]	**5,672**	5,523

1 *Revenue from Property Investment segment.*

6. SEGMENT INFORMATION *(Continued)*

Geographical information

Information about the Group's revenue from external customers is presented based on location of customers, irrespective of the origin of the goods/services:

	2024 HK$'000	2023 HK$'000
Hong Kong	**2,326**	2,297
United Kingdom	**24,314**	29,368
PRC	**3,510**	15,839
Europe	**1,172**	–
	31,322	47,504

The following is an analysis of the carrying amount of non-current assets (excluding those relating to financial assets at FVTPL, trade and other receivables and investment of an associate measured at FVTPL) analysed by the geographical areas in which the assets are located:

	2024 HK$'000	2023 HK$'000
Hong Kong	**49,700**	57,250
United Kingdom	**406,603**	382,916
PRC	**97,830**	7,415
	554,133	447,581

7. OTHER INCOME

	2024 HK$'000	2023 HK$'000
Service income	**236**	432
Bank interest income	**414**	11
Others	**282**	9
	932	452

8. OTHER GAINS AND LOSSES

	2024 HK$'000	2023 HK$'000
Net foreign exchange (loss) gain	(558)	355
Fair value loss on investment of an associate measured at FVTPL	(76,142)	(120,591)
Fair value (loss) gain on financial assets measured at FVTPL	(4,858)	1,219
Fair value gain (loss) on investment properties	26,163	(52,601)
Impairment loss on intangible assets	–	(3,267)
Loss on disposal of property, plant and equipment	(61)	–
Gain on lease modification	33	–
	(55,423)	(174,885)

9. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interests on bank and other borrowings	29,972	19,755
Interests on promissory notes	2,206	2,200
Interests on loan from a non-controlling member of a subsidiary	1,059	967
Loan arrangement fee	466	522
Interests on lease liabilities	78	123
	33,781	23,567

10. TAXATION

	2024 HK$'000	2023 HK$'000
Current tax		
Hong Kong	70	50
Under provision in prior years		
Hong Kong	11	1
Deferred taxation (note 32)	(706)	(952)
	(625)	(901)

10. TAXATION *(Continued)*

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Dividend distributed from the PRC subsidiary is subject to withholding tax at 10%. Deferred tax in relation to withholding income tax for the undistributed profits of the PRC subsidiary has been provided as set out in note 32.

Non-residents making direct disposals of commercial property in United Kingdom are chargeable to tax on any resultant gains. The property will be rebased to its market value on 5 April 2019 when calculating the gain. The domestic statutory tax rate of the UK is 19%.

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 subsidiaries is 25% for the both years.

The taxation for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	2024 **HK$'000**	2023 HK$'000
Loss before taxation	**(97,631)**	(206,798)
Tax at the domestic income tax rate of 16.5%	**(16,109)**	(34,122)
Tax effect of expenses not deductible for tax purpose	**18,923**	32,009
Tax effect of income not taxable for tax purpose	**(6,860)**	(2,195)
Under provision in prior years	**11**	1
Tax effect of tax losses not recognised	**4,016**	4,035
Income tax at concessionary rate	**(81)**	(51)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**(525)**	(578)
Taxation for the year	**(625)**	(901)

11. LOSS FOR THE YEAR

	2024 HK$'000	2023 HK$'000
Loss for the year has been arrived at after charging/(crediting):		
Auditor's remuneration	**1,278**	1,148
Staff costs:		
Directors' emoluments	**6,512**	6,418
Share-based payments	**–**	1,519
Other staff costs	**3,832**	4,165
	10,344	12,102
Rental income from investment properties	**26,640**	31,665
Less: direct operating expenses	**(7,015)**	(5,282)
	19,625	26,383
Depreciation of property, plant and equipment	**2,302**	4,413
Depreciation of right-of-use assets	**1,008**	3,230
Amortisation of intangible assets	**544**	803
Cost of inventories recognised as expense	**3,018**	11,654
Impairment loss on property, plant and equipment	**1,081**	–
Impairment loss on intangible assets	**–**	3,267

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEE'S EMOLUMENTS

The emoluments paid or payable to each of seven (2023: nine) directors and the chief executive (the "**Chief Executive**"), were as follows:

		Other emoluments				
	Fees HK$'000	Salaries and other benefits HK$'000	Share-based payments HK$'000 (Note g)	Performance related incentive payments HK$'000 (Note f)	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
2024						
Executive Directors						
Chong Tin Lung Benny	–	2,885	–	240	18	3,143
Lin Chun Ho Simon	–	1,791	–	149	18	1,958
Li Shaofeng	–	600	–	50	18	668
Non-executive Director						
Hang Qingli (Note e)	23	–	–	–	–	23
Independent Non-executive Directors ("INEDs")						
Kong Kai Chuen Frankie	240	–	–	–	–	240
Sham Chung Ping Alain	240	–	–	–	–	240
To Chun Wai	240	–	–	–	–	240
	743	5,276	–	439	54	6,512

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEE'S EMOLUMENTS *(Continued)*

		Other emoluments				
	Fees HK$'000	Salaries and other benefits HK$'000	Share-based payments HK$'000 (Note g)	Performance related incentive payments HK$'000 (Note f)	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
2023						
Executive Directors						
Chong Tin Lung Benny	–	2,885	318	240	18	3,461
Lin Chun Ho Simon	–	1,827	162	149	18	2,156
Huang Zuie-Chin (Note d)	–	–	318	–	–	318
Ng Siu Wai (Note d)	–	–	318	–	–	318
Li Shaofeng (Note a)	–	502	–	42	15	559
INEDs						
Kong Kai Chuen Frankie	240	–	–	–	–	240
Lee Ben Tiong Leong (Note b)	97	–	–	–	–	97
Sham Chung Ping Alain (Note c)	145	–	–	–	–	145
To Chun Wai	240	–	–	–	–	240
	722	5,214	1,116	431	51	7,534

Notes:

(a) Appointed as executive director on 28 February 2023, the director's emolument disclosed included the amount after the appointment as executive director up to 31 December 2023.

(b) Resigned as INED on 27 May 2023.

(c) Appointed as INED on 24 May 2023, the director's emolument disclosed included the amount after the appointment as INED up to 31 December 2023.

(d) Resigned as executive director on 27 July 2023.

(e) Appointed as non-executive director on 26 November 2024, the director's emolument included the amount after the appointment as non-executive director up to 31 December 2024.

(f) Performance related incentive payments were determined by the remuneration committee having regard to the performance of directors and the Group's operating result.

(g) Details of the share option schemes are set out in note 33.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND EMPLOYEE'S EMOLUMENTS *(Continued)*

Mr Chong Tin Lung, Benny, is also the Chief Executive of the Company. The executive directors' remuneration shown above were for their services in connection with the management of the affairs of the Company and the Group. The INEDs' emoluments shown above were for their services as directors of the Company.

Of the five individuals with the highest emoluments in the Group, three (2023: three) were Directors whose emoluments are included in the disclosures above. The emoluments of the remaining two (2023: two) individuals were as follows:

	2024 **HK$'000**	2023 HK$'000
Salaries and other benefits	**1,374**	1,194
Retirement benefits scheme contributions	**36**	36
	1,410	1,230

Their emoluments were within the following bands:

	2024 **Number of employees**	2023 Number of employees
Nil to HK$1,000,000	**2**	2

During both years, no emoluments were paid by the Group to the five highest paid individuals (including directors, the chief executive and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the directors and the chief executive waived any emoluments during both years.

13. LOSS PER SHARE

The calculation of the basic and diluted loss per share for continuing operations attributable to owners of the Company is based on the following data:

	2024 **HK$'000**	2023 HK$'000
Loss for the purpose of basic and diluted loss per share	**(102,136)**	(179,285)

	2024 **Number** **of share**	2023 Number of share
Number of ordinary shares in issue for the purpose of calculating basic and diluted loss per share	**5,292,515,390**	5,292,515,390

For the years ended 31 December 2024 and 2023, the computation of diluted loss per share do not assume the exercise of the Company's share options because the assumed exercise would result in decrease in loss per share.

The computation of basic loss per share for the year ended 31 December 2024 does not include contingently returnable shares of 800,000,000 shares relating to the acquisition of Hudson Holding Limited which is subject to recall. For the computation of diluted loss per share for the year ended 31 December 2024, the contingently returnable shares are not assumed to be outstanding since it would result in a decrease in loss per share.

14. DIVIDEND

No dividend was paid or proposed for ordinary shares of the Company during the year ended 31 December 2024 (2023: nil), nor has any dividend been proposed since the end of the reporting period (2023: nil).

15. INVESTMENT PROPERTIES

	HK$'000
At 1 January 2023	470,211
Fair value loss, net	(52,601)
Exchange adjustments	21,181
At 31 December 2023	438,791
Fair value gain, net	26,163
Exchange adjustments	(9,349)
At 31 December 2024	455,605

15. INVESTMENT PROPERTIES *(Continued)*

The Group leases out offices and car parks under operating leases with rentals payable quarterly or monthly. The leases typically run for initial period of 2 to 10 years (2023: 2 to 10 years). The rental payment of leases of offices and car parks are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes were measured using the fair value model and were classified and accounted for as investment properties. The above investment properties comprised industrial building and a carpark located in Hong Kong, held under medium-term leases, and office building in Scotland held on freehold.

The fair value of the Group's investment properties as at 31 December 2024 has been arrived at on the basis of a valuation carried out by BonVision International Appraisals Limited (2023: Roma Appraisal Limited), independent qualified professional valuer not connected to the Group.

In determining the fair value of the properties, the independent qualified professional valuer determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages independent qualified professional valuer to perform the valuation. The chief financial officer of the Company works closely with the independent qualified professional valuer to establish the appropriate valuation techniques and inputs to the model.

In estimating the fair value of the investment properties, with valuation based on income approach, the highest and best use of the properties is their current use. The fair values of investment properties have been adjusted to exclude prepaid or accrued lease income to avoid double counting.

15. INVESTMENT PROPERTIES *(Continued)*

Hong Kong

The fair value of the investment properties located in Hong Kong as at 31 December 2024 and 2023 was under Level 3 of fair value hierarchy based on direct comparison method making reference to market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject properties. For the fair value of the industrial buildings with total carrying amount of HK$47,600,000 (2023: HK$54,900,000), the key unobservable input was the price per square foot, using market direct comparables and taking into account of location, age and other individual factors, which is ranged from HK$4,169 to HK$5,501 per square foot (2023: from HK$4,516 to HK$4,865 per square foot). The fair value of a car park of HK$2,100,000 (2023: HK$2,350,000) was based on recent transaction price. An increase in the price per square foot and price per car park would result in an increase in fair value measurement of the investment properties and vice versa.

Scotland

The fair values of the investment properties located in Scotland of HK$405,905,000 (2023: HK$381,541,000) as at 31 December 2024 was under level 3 of fair value hierarchy and have been arrived at by income approach which is capitalising net rental income on a fully leased basis. Current passing rental income from existing tenancies and the potential future reversionary income at market levels, which are expected to be re-leased at market rental rates, are capitalised by the term yield and the reversionary yield, respectively. The term yield, the reversionary yield and the market rental are considered as the key unobservable inputs with considerably more subjective management judgement and estimates.

Term yield is taking into account to the prime investment yield observed by the valuer for similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the properties, which was 7.75% (2023: 7.25%) per annum.

Reversionary yield is taking into account to the prime investment yield observed by the valuer for similar properties in the locality and adjusted based on the valuer's knowledge of the factors specific to the properties, which was 8% (2023: 7.75%) per annum.

An increase in the term yield and reversionary yield used would result in a decrease in fair value of the investment properties, and vice versa.

Market rental is taking into account direct market comparable properties observed by the valuer in similar grade and location.

An increase in market rental used would result in an increase in fair value of the investment properties, and vice versa.

There were no transfer into or out of Level 3 during the year.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Machinery and tools HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 January 2023	–	5,778	10,024	2,961	–	18,763
Exchange adjustments	(143)	(155)	159	(193)	–	(332)
Additions	172	254	344	–	–	770
Acquisition of a subsidiary (Note 34)	2,801	2,053	94	3,786	–	8,734
At 31 December 2023	2,830	7,930	10,621	6,554	–	27,935
Exchange adjustments	(94)	(71)	(87)	25	(31)	(258)
Additions	–	2	22	–	2,354	2,378
Acquisition of subsidiaries (Note 34)	–	–	–	–	1,121	1,121
Disposals	–	(27)	–	(1,754)	–	(1,781)
At 31 December 2024	2,736	7,834	10,556	4,825	3,444	29,395
DEPRECIATION AND IMPAIRMENT						
At 1 January 2023	–	5,778	8,128	2,961	–	16,867
Exchange adjustments	(6)	(9)	85	(3)	–	67
Provided for the year	1,688	1,408	712	605	–	4,413
At 31 December 2023	1,682	7,177	8,925	3,563	–	21,347
Exchange adjustments	(79)	(53)	(71)	(21)	–	(224)
Provided for the year	853	172	748	529	–	2,302
Impairment loss recognised in profit or loss	280	545	256	–	–	1,081
Eliminated on disposals	–	(7)	–	(457)	–	(464)
At 31 December 2024	2,736	7,834	9,858	3,614	–	24,042
CARRYING VALUES						
At 31 December 2024	–	–	698	1,211	3,444	5,353
At 31 December 2023	1,148	753	1,696	2,991	–	6,588

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	Shorter of lease terms or 20%
Machinery and tools	20% – $33^1/_3$%
Furniture, fixtures and equipment	10% – $33^1/_3$%
Motor vehicles	20% – 25%

At the end of the reporting period, certain property, plant and equipment are fully depreciated and still in use.

Impairment assessment

During the year ended 31 December 2024, the management of the Group concluded there was indication for impairment and conducted impairment assessment on certain property, plant and equipment with carrying amounts of HK$1,081,000.

The recoverable amounts of the property, plant and equipment have been determined based on their value in use. The relevant assets were fully impaired at year end and an impairment of HK$1,081,000 has been recognised in profit or loss within the relevant functions to which these assets relate during the year.

17. RIGHT-OF-USE ASSETS

	Leased Properties HK$'000
As at 31 December 2024	
Carrying amount	4,583
As at 31 December 2023	
Carrying amount	2,202
For the year ended 31 December 2024	
Depreciation charge	1,008
For the year ended 31 December 2023	
Depreciation charge	3,230

17. RIGHT-OF-USE ASSETS *(Continued)*

	Year ended 31/12/2024 HK$'000	Year ended 31/12/2023 HK$'000
Expense relating to short-term leases	**299**	371
Total cash outflow for leases	**299**	3,047
Additions to right-of-use assets	**4,760**	5,712

For the year ended 31 December 2024, the Group leases building for its operations. For year ended 31 December 2023, the Group leased office for its operation through acquisition of a subsidiary which is disclosed in note 34. Lease contract is entered into for fixed term of 3 years (2023: 3 years). Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

18. GOODWILL

	Hudson Group HK$'000
AT CARRYING VALUE	
At 1 January 2023 and 31 December 2023	–
Acquisition of subsidiaries (note 34)	65,771
Exchange realignment	(1,551)
At 31 December 2024	64,220

The basis of the recoverable amounts of the above cash generating units ("CGU") and their major underlying assumptions are summarised as below:

Hudson Group

The recoverable amount of this CGU has been determined based on value in use calculation. The Group performed impairment review for the goodwill of Hudson Group based on the cash flow forecast derived from the most recent financial budgets and estimated future cash flows for the following five years as approved by the management and using a pre-tax discount rate of 24% per annum. The cash flows beyond five-year are extrapolated using a 2% per annum growth rate. Key assumptions for the value in use calculation, are those regarding the discount rates, growth rates and expected changes to selling prices and cost during forecasted periods. Management estimates discount rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. Management believes that any reasonably possible change of these assumptions would not cause the aggregate carrying amount of this CGU to exceed its aggregate recoverable amount.

19. INTANGIBLE ASSETS

	Distribution Network HK$'000	Patent and Proprietary Technology HK$'000	Dealership Agreement HK$'000	Total HK$'000
COST				
At 1 January 2023	–	–	–	–
Exchange realignment	–	–	(218)	(218)
Acquired on acquisition of a subsidiary (note 34)	–	–	4,283	4,283
At 31 December 2023	–	–	4,065	4,065
Exchange realignment	(86)	(572)	(137)	(795)
Acquired on acquisition of subsidiaries (note 34)	3,341	22,221	–	25,562
At 31 December 2024	3,255	21,649	3,928	28,832
AMORTISATION AND IMPAIRMENT				
At 1 January 2023	–	–	–	–
Exchange realignment	–	–	(5)	(5)
Charge for the year	–	–	803	803
Impairment loss recognised	–	–	3,267	3,267
At 31 December 2023	–	–	4,065	4,065
Exchange realignment	(4)	(8)	(137)	(149)
Charge for the year	175	369	–	544
At 31 December 2024	171	361	3,928	4,460
CARRYING AMOUNTS				
At 31 December 2024	3,084	21,288	–	24,372
At 31 December 2023	–	–	–	–

The intangible assets acquired during the year have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Distribution network	3 years
Patent and proprietary technology	10 years

Impairment assessment of dealership agreement

At 31 December 2023, the management of the Group reviewed the recoverable amount of the CGU, to which intangible assets with remaining carrying amounts of HK$3,267,000. The recoverable amount of the CGU had been determined based on the value in use. The Group estimated the value in use of the CGU using cash flow forecasts covering the dealership period under the dealership agreement by adopting a pre-tax discount rate of 16.01%. Other key assumptions for the value in use calculation related to the estimation of cash inflow/outflow which included budgeted sales and gross margin, such estimation was based on past performance and management's expectations for the market development. An impairment loss of HK$3,267,000 had been recognised in profit or loss during the year ended 31 December 2023.

20. INVESTMENT OF AN ASSOCIATE MEASURED AT FVTPL

	2024	2023
	HK$'000	HK$'000
Investment of an associate measured at FVTPL	**40,402**	117,122

On 29 January 2020, the Group entered into a subscription agreement for subscription of 51,847,997 Series A Preferred Shares of Chime Biologics at a consideration of US$32 million. The subscription was completed in February 2020. The principal activity of Chime Biologics is provision of biologics contract development and manufacturing services. The Group has the right to appoint 1 out of 6 directors of the board of Chime Biologics and therefore the Group has the power to exercise significant influence over Chime Biologics and Chime Biologics becomes an associate of the Group.

Details of critical accounting judgement, estimation uncertainty and fair value measurements are set out in notes 4 and 39.

21. FINANCIAL ASSETS AT FVTPL

Financial asset at FVTPL - investment in Hai Robotics

In 2021, the Group entered into an agreement with 東莞市海柔智能科技有限公司 ("**Hai Robotics**") to subscribe registered capital of RMB26,443 of Hai Robotics, representing 0.8386% of registered capital, at a consideration of RMB22,641,000 (equivalent to HK$27,212,000). On same date, the Group entered into a trust agreement with another third party (the "**Trustor**") and received a sum of RMB11,320,550 (equivalent to HK$13,606,000) from the Trustor whereby the Trustor appointed the Group to hold on trust of RMB13,222 registered capital of Hai Robotics, representing 0.4193% of registered capital of Hai Robotics, at its original investment cost of RMB11,320,550 (equivalent to HK$13,606,000) on behalf of the Trustor by the Group. Accordingly, after the trust arrangement, the Group holds 0.4193% of registered capital of Hai Robotics.

Pursuant to the relevant agreement, the Group shall be entitled to receive, an aggregate amount equal to 100% of the investment cost with 8% return per annum in compound interest, plus any declared and accrued by unpaid dividends thereon in case Hai Robotics fails to achieve a qualified initial public offering within six years from 22 September 2021.

Hai Robotics increased its registered capital with new capital injected from other third parties subsequent to the abovementioned subscription, and the equity interest of registered capital of Hai Robotics held by the Group changed to 0.271% (2023: 0.312%). A fair value gain on financial asset at FVTPL of HK$1,197,000 (2023: HK$1,219,000) has been recognised in profit or loss for the year. As at 31 December 2024, the Group hold representing 0.271% (2023: 0.312%) of registered capital of Hai Robotics at its fair value of HK$15,965,000 (2023: HK$15,308,000). The directors of the Company consider it is highly probable that the other financial asset could be disposed within 12 months after year end.

Contingent consideration receivable

Details of fair value measurements of the contingent consideration receivable measured at fair value through profit or loss amounting to HK$130,743,000 are set out in note 39.

The Group recognised the contingent consideration receivables of HK$136,798,000 as part of the deal to acquire the Hudson Holding Limited and its subsidiaries, details are set out in note 34. During the year ended 31 December 2024, a fair value loss on financial asset at FVTPL of HK$6,055,000 (2023: nil) has been recognised in profit or loss for the year.

22. INVENTORIES

	2024 HK$'000	2023 HK$'000
Cars	**5,806**	–
Spare parts	**1,104**	1,530
	6,910	1,530

23. TRADE AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Trade receivables from contracts with customers	**1,146**	–
Rent receivables	**7,345**	10,096
	8,491	10,096
Utility and rental deposits	**1,853**	804
Value-added tax receivables	**2,780**	1,173
Prepayment	**8,095**	3,896
Deposit paid for acquisition of property, plant and equipment	**5,641**	–
Other receivables	**768**	4,024
	27,628	19,993
Less: Amount due more than one year shown under non-current assets	**(10,534)**	(7,589)
Amount shown under current assets	**17,094**	12,404

Trade receivables from contracts with customers

As at 31 December 2023, there was no trade receivables from contracts with customers.

The Group's trade receivables denominated in foreign currencies of the relevant group entities are as follows:

	2024 HK$'000	2023 HK$'000
USD	**220**	–
EUR	**926**	–
	1,146	–

There is no past due trade and rent receivables as at 31 December 2024 (2023: nil).

The following is an ageing analysis of trade receivables presented based on the invoice dates at the end of the reporting period:

	2024 HK$'000	2023 HK$'000
Within 30 days	**1,146**	–

23. TRADE AND OTHER RECEIVABLES *(Continued)*

Rent receivables

The Group's rental income are based on effective accrued rentals after taking into account of rent free period which are recognised under straight line method and recorded as rental receivables. Rental income is received from tenants in Scotland and in Hong Kong on a quarterly basis and monthly basis, respectively. Included in the Group's rent receivables as at 31 December 2024 are (i) accrued rent receivables of HK$5,881,000 over the rent free periods (2023: HK$7,660,000); (ii) lease incentives paid of HK$1,464,000 (2023: HK$2,436,000) represent amount of rent incentives granted to tenants, which are to be recovered through future rental income. The amounts that are expected to be realised after twelve months after the reporting period are presented as non-current assets.

The Group allows its customers a credit period from 0 to 90 days. There is no past due trade and rent receivables as at 31 December 2024 (2023: nil). Details of impairment assessment of trade and other receivables are set out in note 39.

24. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less and carry variable-rate interest at market rates which range from 0.2% to 0.54% (2023: 0.2% to 0.54%) per annum.

Pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group. As at 31 December 2024, deposits amounting to HK$3,304,000 (2023: HK$5,545,000) had been pledged to secure short-term bank loans and undrawn short-term facilities and were therefore classified as current assets.

The Group's pledged bank deposits and bank balances and cash denominated in foreign currencies of the relevant group entities are as follows:

	2024 **HK$'000**	2023 HK$'000
USD	**19**	21
RMB	**2**	2
EUR	**23**	24
GBP	**1**	1

25. TRADE AND OTHER PAYABLES

Trade and other payables comprise amounts outstanding for trade purposes and daily operating costs. The average credit period on purchase of goods is 30 to 90 days. The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period.

	2024 HK$'000	2023 HK$'000
Within 30 days	**446**	–
31 to 60 days	**–**	279
61 to 90 days	**50**	335
91 days to 1 year	**172**	280
Over 1 year	**49**	49
Trade payables	**717**	943
Accrued charges	**4,980**	2,583
Receipt in advance for rental income	**7,429**	7,411
Other payables	**22,035**	7,388
	35,161	18,325

Included in other payables represent an amount of HK$5,059,000 (2023: HK$5,059,000) refundable deposits to customers relating to discontinued Hong Kong car business.

26. BANK AND OTHER BORROWINGS

	2024 HK$'000	2023 HK$'000
Bank borrowing	**20,371**	29,067
Other borrowings	**361,483**	314,566
	381,854	343,633
Secured	**262,480**	286,554
Unsecured	**119,374**	57,079
	381,854	343,633

	2024 HK$'000	2023 HK$'000
Other borrowings		
Carrying amount repayable:		
Within one year	**242,109**	257,487
Within a period of more than one year but not exceeding two years	**91,702**	57,079
Within a period of more than two years but not exceeding five years	**27,672**	–
	361,483	314,566
Bank borrowing		
Carrying amounts that contain a repayment on demand clause (shown under current liabilities) but repayable:		
Within one year	**20,371**	1,942
Within a period of more than one year but not exceeding two years	**–**	27,125
	20,371	29,067
Less: Amounts due within one year shown under current liabilities	**(262,480)**	(286,554)
Amounts shown under non-current liabilities	**119,374**	57,079

As at 31 December 2024, other borrowing from a financial institution denominated in GBP amounting to HK$242,109,000 (2023: HK$257,487,000) is a secured, fixed-rate borrowing which bears interest rate at 8.5% (2023: 8.5%) per annum and is repayable on the repayment date on 18 October 2025 (2023: 18 October 2024).

During the year ended 31 December 2024, a loan from a bank amounting to HK$20,125,000 (2023: HK$28,675,000) which was secured by an investment property in Hong Kong and pledged bank deposits. The loan carries interest at variable market rates of Hong Kong Interbank Offered Rate plus 2% per annum and is repayable in instalments over a period of 3 years and with a repayment on demand clause. During the year, the Group has repaid bank borrowing of HK$8,550,000 (2023: HK$1,550,000). The bank borrowing is subject to some covenants.

26. BANK AND OTHER BORROWINGS *(Continued)*

During the year ended 31 December 2024, the Group obtained an other borrowing of HK$28,500,000 (2023: HK$50,000,000) which is a fixed-rate borrowing with maturity date of 16 April 2026 and bears interest rate at 9% per annum.

Details of the pledge of assets to secure the Group's bank and other borrowings were set out in note 37.

27. LOAN FROM A NON-CONTROLLING MEMBER OF A SUBSIDIARY

The loan from a non-controlling member of a subsidiary is an unsecured loan which will mature in October 2025 (2023: October 2024) or after full repayment of the other borrowing of HK$257,487,000, related to the financing of the acquisition of Dakota RE II Limited in Scotland, whichever earlier, and carries interest at 10% per annum.

28. LOAN FROM A RELATED PARTY

During the year ended 31 December 2023, the Group obtained a loan of RMB10,000,000 from a related party which is interest free with maturity date on 12 February 2025. Subsequent to the reporting period, the loan has been extended with the new maturity date of 12 February 2026.

29. LEASE LIABILITIES

	2024 HK$'000	2023 HK$'000
Lease liabilities payable:		
Within one year	**2,573**	2,252
More than one year but not exceeding two years	**1,735**	–
More than two years but not exceeding five years	**1,344**	–
	5,652	2,252
Less: Amounts due for settlement within 12 months shown under current liabilities	**(2,573)**	(2,252)
Amounts due for settlement after 12 months shown under non-current liabilities	**3,079**	–

The weighted average incremental borrowing rates applied to lease liabilities is 3.1% (2023: 3.7%).

30. PROMISSORY NOTES

On 29 October 2024, the Group issued promissory notes of fair value of HK$45,834,000 in Hong Kong which is part of consideration to acquire the equity interest in Hudson Holding Limited. The promissory notes are not transferable and have a maturity date of three years since issuance and do not carry interest. The Group may redeem all or part of the promissory notes at any time to the maturity date at 100% of the face value of the promissory notes. During the year ended 31 December 2024, the Group has not repaid any principal.

30. PROMISSORY NOTES *(Continued)*

On 25 March 2021, the Group issued unsecured promissory note amounting to HK$53,500,000 in Hong Kong to acquire additional equity interest of 27.49% in Dakota RE II Limited. The unsecured promissory note has extended the maturity date from original maturity date of three years until March 2024 to a further two years from March 2024 to March 2026 and carries interest at 8% per annum. The Group may redeem all or part of the promissory note at any time to the maturity date at 100% of the face value of the promissory note. During the years ended 31 December 2024 and 2023, the Group has not repaid any principal.

31. SHARE CAPITAL

	Number of shares	Share capital HK$'000
Ordinary shares of HK$0.02 each:		
Authorised:		
At 1 January 2023, 31 December 2023 and 31 December 2024	17,500,000,000	350,000
Issued and fully paid:		
At 1 January 2023 and 31 December 2023	5,292,515,390	105,850
Issued in consideration for the acquisition of subsidiaries (note 34)	800,000,000	16,000
At 31 December 2024	6,092,515,390	121,850

The Company issued 800 million ordinary shares during the year ended 31 December 2024 which is part of consideration for the acquisition of subsidiaries (note 34). The ordinary shares issued on 29 October 2024 to the Vendors (as defined in note 34) are contingently returnable (note 34). The new shares issued rank pari passu with all existing shares.

32. DEFERRED TAXATION

As at 31 December 2024, deferred tax liabilities (assets) represented the temporary differences associated with undistributed earnings of a PRC subsidiary, recognition of intangible assets and right-of-use assets and lease liabilities, and the movements during the current and prior years are:

	Intangible assets HK$'000	Right-of-use assets HK$'000	Lease liabilities HK$'000	Withholding tax on undistributed profit HK$'000	Total HK$'000
At 1 January 2023	–	–	–	1,445	1,445
Acquisition of a subsidiary (note 34)	1,071	1,428	(1,169)	–	1,330
(Charged) credited to profit or loss	(1,018)	(484)	550	–	(952)
Exchange adjustments	(53)	(70)	56	–	(67)
At 31 December 2023	–	874	(563)	1,445	1,756
Acquisition of subsidiaries (note 34)	6,390	–	–	–	6,390
(Charged) credited to profit or loss	(126)	(901)	321	–	(706)
Exchange adjustments	(171)	51	(49)	–	(169)
At 31 December 2024	6,093	24	(291)	1,445	7,271

32. DEFERRED TAXATION *(Continued)*

At 31 December 2024, the Group had unused estimated tax losses of HK$290,659,000 (2023: HK$187,200,000) available for offset against future profits for continuing operations which is subject to agreement with the relevant tax authorities. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK$17,946,000 (2023: HK$11,517,000) that will expire in one to five years for offsetting against future taxable profits. Other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of HK$41,773,000 (2023: HK$45,695,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

33. SHARE OPTION SCHEMES

The share option scheme (the "**Expired Share Option Scheme**") adopted by the Company on 28 May 2012, expired on 27 May 2022.

References were made to (i) the circular of the Company dated 22 April 2022 in relation to, among other things, the adoption of the New Share Option Scheme, (ii) the poll results announcement of the annual general meeting of the Company dated 25 May 2022, (iii) the announcement of the Company dated 26 November 2021 in relation to the proposed acquisition of VMS Auto Italia Fin Services Holdings Limited by the Company, which constitutes a very substantial acquisition, connected transaction and reverse takeover under the Listing Rules, and (iv) the announcement of the Company dated 25 November 2022 regarding the termination of the Acquisition, including the special mandate in relation to the allotment and issuance of consideration shares would not proceed. The New Share Option Scheme is not effective as certain conditions were not fulfilled.

Save for and except that the rules of the Expired Share Option Scheme remain in full force and effect to the extent necessary to give effect to the exercise of the options granted thereunder prior to its expiry, or otherwise to the extent as may be required in accordance with the rules of the Expired Share Option Scheme. No further options may be granted under the Expired Share Option Scheme upon its expiry.

Under the Expired Share Option Scheme, options were granted to certain Directors, employees and other eligible participants of the Company entitling them to subscribe for Shares of HK$0.02 each in the capital of the Company.

At 31 December 2024, the number of shares in respect of which options had been granted and remained outstanding under the Expired Share Option Scheme was 222,700,000 (2023: 222,700,000) representing 3.66% (2023: 4.21%) of the shares of the Company in issue.

33. SHARE OPTION SCHEMES *(Continued)*

The following table details and movements of the Company's share options granted under the Expired Share Option Scheme held by employees (including directors) during the two years ended 31 December 2024 and 2023:

Name or category of participants	Date of grant	Exercise price HK$	Exercisable period	As at 1 January 2024 and 31 December 2024	Exercisable at 31 December 2024
Directors					
Mr Chong Tin Lung Benny	7.10.2020 (Note 3)	0.1754	27.7.2021 to 26.7.2025 (Note 2)	60,000,000	60,000,000
Mr Lin Chun Ho Simon	27.7.2020	0.1754	27.7.2021 to 26.7.2025 (Note 2)	30,000,000	30,000,000
Other eligible participants	27.7.2020	0.1754	27.7.2021 to 26.7.2025 (Note 2)	90,700,000	90,700,000
	7.10.2020 (Note 3)	0.1754	27.7.2021 to 26.7.2025 (Note 2)	42,000,000	42,000,000
Total				222,700,000	
Weighted average exercise price (HK$)				0.1754	

No share options were exercised during the year.

Name or category of participants	Date of grant	Exercise price HK$	Exercisable period	As at 1 January 2023	Reclassified during the year (Note 5)	Forfeited/ Lapsed during the year (Note 4)	As at 31 December 2023	Exercisable at 31 December 2023
Directors								
Mr Chong Tin Lung Benny	7.10.2020 (Note 3)	0.1754	27.7.2021 to 26.7.2025 (Note 2)	60,000,000	–	–	60,000,000	60,000,000
Mr Huang Zuie-Chin (resigned on 27 July 2023)	7.10.2020 (Note 3)	0.1754	27.7.2021 to 26.7.2025 (Note 2)	60,000,000	–	(60,000,000)	–	–
Mr Ng Siu Wai (resigned on 27 July 2023)	7.10.2020 (Note 3)	0.1754	27.7.2021 to 26.7.2025 (Note 2)	60,000,000	(42,000,000)	(18,000,000)	–	–
Mr Lin Chun Ho Simon	15.6.2017	0.0932	15.6.2018 to 14.6.2023 (Note 2)	18,700,000	–	(18,700,000)	–	–
	27.7.2020	0.1754	27.7.2021 to 26.7.2025 (Note 2)	30,000,000	–	–	30,000,000	30,000,000
Other eligible participants	27.7.2020	0.1754	27.7.2021 to 26.7.2025 (Note 2)	90,700,000	–	–	90,700,000	90,700,000
	7.10.2020 (Note 3)	0.1754	27.7.2021 to 26.7.2025 (Note 2)	–	42,000,000	–	42,000,000	42,000,000
Total				319,400,000	–	(96,700,000)	222,700,000	
Weighted average exercise price (HK$)				0.171	N/A	0.160	0.1754	

No share options were exercised during the year.

33. SHARE OPTION SCHEMES *(Continued)*

Notes:

(1) The closing prices per share immediately before 27 July 2020 and 7 October 2020 (the dates on which the share options were granted) were HK$0.172 and HK$0.17 respectively.

(2) Share options granted under the Expired Share Option Scheme on 27 July 2020 and 7 October 2020 shall vest in the grantees in accordance with the timetable below (for this purpose, the date or each such date on which the share options are to vest being hereinafter referred to as a "Vesting Date"):

Vesting Date	***Percentage of Share Options to vest***
First anniversary of the Date of Offer	*40% of the total number of options*
Second anniversary of the Date of Offer	*30% of the total number of options*
Third anniversary of the Date of Offer	*30% of the total number of options*

(3) These share options are conditionally granted on 27 July 2020 and approved in the Company's special general meeting on 7 October 2020.

(4) 18,700,000 share options were lapsed due to expiry of exercisable period and 78,000,000 shares options were forfeited due to resignation as a director on 27 July 2023.

(5) Mr Ng Siu Wai resigned as an executive director of the Company on 27 July 2023, his entitlements of 42,000,000 share options were reclassified from the category of directors of the Company to the category of other eligible participants.

No other feature of the options granted was incorporated into the measurement of fair value.

During the year ended 31 December 2023, share-based payments expense of HK$883,000 (2024: nil) had been charged to profit or loss, net of reversal due to forfeited before vesting.

34. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2024

On 11 September 2024, an indirect wholly-owned subsidiary of the Company (the "**Purchaser**"), and third parties (the "**Vendors**") entered into an agreement (the "**Agreement**") to acquire entire issued share capital of Hudson Holding Limited (the "**Transaction A**") for a total consideration of HK$165,900,000 ("**Consideration**"), satisfied by the allotment and issue of the 800,000,000 new shares of the Company ("**Consideration Shares**") and the issue of promissory notes with a total principal amount of HK$61,900,000 ("**Promissory Notes**"). On 29 October 2024, the Transaction A was completed and Hudson Holding Limited has become a subsidiary of the Group.

Hudson Holding Limited and its subsidiaries ("**Hudson Group**") are principally engaged in research and development, and sales of auto parts and accessories for vehicles, as well as the sales of electric vehicles and related accessories etc.

Prior to completion of the Transaction A, each of the Vendors, the Purchaser and VMS Securities Limited ("**VMS Securities**" or the "**Escrow Agent**") entered into the Escrow Letter, pursuant to which, the Consideration Shares and Promissory Notes are held by the Escrow Agent immediately upon completion of the Transaction A for the arrangement in relation to the potential adjustment of the Consideration below.

Pursuant to the Agreement, the Vendors irrevocably and unconditionally warrant and guarantee to the Purchaser that the consolidated revenue of the Hudson Group for the financial year or period commencing from 1 January 2025 to 31 December 2025 or an earlier date of fulfilment of the 2025 Guaranteed Revenue (whichever is the earlier) (the "**Guaranteed Period**"), prepared in accordance with the Hong Kong Financial Reporting Standards will not be less than RMB422,243,785 (equivalent to approximately HK$464,468,000) (the "**2025 Guaranteed Revenue**").

In the event that the actual revenue during the Guaranteed Period is less than the 2025 Guaranteed Revenue, the Purchaser shall be compensated by the Vendors (in proportion to their respective shareholding in Hudson Holding Limited before the completion of the Transaction A) the shortfall equal to the amount calculated based on the formula set out in the announcement issued by the Company dated 11 September 2024 (the "**Compensation Amount**"), however, the maximum Compensation Amount will not exceed the Consideration. The Compensation Amount shall first be offset by the Consideration Shares by transferring the Consideration Shares held by the Escrow Agent to the Purchaser or person(s) or entity(ies) designated by the Purchaser at the offsetting amount equal to the price of HK$0.13 per share. The residual amount (if any) of the Compensation Amount shall then be offset by the face value of the Promissory Notes.

The fair value of Consideration Shares at the date of acquisition amounted to HK$155,999,000 based on the closing market price of the Company on The Stock Exchange of Hong Kong Limited at the date of acquisition. The Promissory Notes carry no interest and repayable in 3 years after issue and the fair value of Promissory Notes at date of issue is HK$45,834,000. A contingent consideration receivable is recognised at date of recognition amounting to HK$136,798,000 which is measured at fair value through profit or loss initially and at the end of each reporting period.

The Group incurred transaction costs of HK$1,184,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss in the current year.

34. ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2024 *(Continued)*

Assets acquired and liabilities assumed at the date of acquisition

	HK$'000
Property, plant and equipment	1,121
Intangible assets	25,562
Inventories	119
Trade and other receivables	16,931
Bank balances and cash	1,672
Trade and other payables	(13,799)
Deferred taxation	(6,390)
Other borrowings	(25,952)
	(736)

	HK$'000
Consideration transferred	65,035
Add: Fair value of identifiable liabilities acquired	736
Goodwill	65,771

Net cash outflows arising on acquisition of Hudson Holding Limited

	HK$'000
Consideration paid in cash	–
Less: bank balances and cash acquired	(1,672)
	(1,672)

Included in the loss for the year is loss of HK$3,015,000 attributable to the additional business generated by Hudson Group. Revenue for the year includes HK$1,172,000 generated from Hudson Group.

Had the acquisition of Hudson Group been completed on 1 January 2024, consolidated revenue for the year of the Group would have been HK$31,888,000, and the consolidated loss for the year would have been HK$111,920,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

34. ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2024 *(Continued)*

Goodwill arose in the acquisition of Hudson Group because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies. The directors of the Company are of the view that through the acquisition, the Group could realise synergies through the sharing of resources in overall management, research and development, raw materials and production, marketing, sales and distribution; expanded management expertise; additional negotiation power relative to both customer and suppliers relationships; revenue growth; future market development; and the assembled workforce of Hudson Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

In the opinion of the directors of the Company, the fair values of trade and other receivables acquired approximate to the gross contractual amounts, the best estimate at acquisition date of the contractual cash flows of the receivables which all expected to be collected.

For the year ended 31 December 2023

On 28 December 2022, an indirect wholly-owned subsidiary of the Company, and a third party entered into the Agreement to acquire 51% equity interest in 武漢駿意汽車銷售服務有限公司 (Wuhan Junyi Cars Sales & Service Company Ltd) (the "**Wuhan Junyi**") (the "**Transaction B**") for a total consideration of RMB10,200,000 (approximately HK$11,836,000). On 17 February 2023, the Transaction B was completed and Wuhan Junyi has become a subsidiary of the Group.

Wuhan Junyi is principally engaged in the 4S dealership business in the PRC for a premium brand vehicle named Maserati, with a dealership network covering Wuhan city. As a result of the Transaction B, the Group is able to establish the network for Maserati car dealership in the PRC.

34. ACQUISITION OF SUBSIDIARIES *(Continued)*

For the year ended 31 December 2023 *(Continued)*

Assets acquired and liabilities assumed at the date of acquisition

	HK$'000
Property, plant and equipment	8,734
Intangible assets	4,283
Right-of-use asset	5,712
Inventories	4,465
Trade and other receivables	2,794
Bank balances and cash	9,767
Trade and other payables	(6,541)
Lease liabilities	(4,676)
Deferred taxation	(1,330)
	23,208
Less: non-controlling interests	(11,372)
Satisfied by cash	11,836

Net cash outflows arising on acquisition of Wuhan Junyi

	HK$'000
Consideration paid in cash	11,836
Less: bank balances and cash acquired	(9,767)
	2,069

Included in the loss for the year ended 31 December 2023 is HK$13,016,000 attributable to the additional business generated by Wuhan Junyi. Revenue for the year ended 31 December 2023 includes HK$15,839,000 generated from Wuhan Junyi.

Had the acquisition of Wuhan Junyi been completed on 1 January 2023, consolidated revenue for the year ended 31 December 2023 of the Group would have been HK$50,053,000, and the consolidated loss for the year ended 31 December 2023 would have been HK$206,283,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2023, nor is it intended to be a projection of future results.

35. RETIREMENT BENEFITS SCHEMES

Defined Contribution Plans

The relevant subsidiaries in Mainland China are required to make contributions to the state-managed retirement schemes in the PRC based on a specific percentage of the payroll costs of their current employees to fund the benefits. The employees are entitled to retirement pension calculated with reference to their basic salaries on retirement and their length of service in accordance with the relevant government regulations. The government in Mainland China is responsible for the pension liability to these retired staff.

In addition, the Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group and each employee employed in Hong Kong are required to make a contribution of 5% on the employees' monthly relevant income with a maximum monthly contribution of HK$1,500.

For subsidiaries other than in Hong Kong and Mainland China, contributions are made to the defined contribution schemes by the Group at rates specified on the rules of the schemes at the relevant jurisdiction.

The total cost of HK$280,000 (2023: HK$272,000) recognised to profit or loss represents contributions payable to these schemes by the Group during the year.

36. OPERATING LEASING ARRANGEMENT

The Group as lessor

Property rental income earned during the year was HK$26,640,000 (2023: HK$31,665,000). All of the properties held have committed tenants for the next six (2023: seven) years.

Undiscounted lease payments receivable on leases are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	25,013	25,285
In the second year	22,770	23,015
In the third year	21,294	20,773
In the fourth year	16,267	19,296
In the fifth year	8,847	14,268
After five years	196	8,544
	94,387	111,181

37. PLEDGE OF ASSETS

	2024	2023
	HK$'000	HK$'000
Pledged bank deposits	**3,304**	5,545
Investment properties	**455,605**	438,791
	458,909	444,336

38. RELATED PARTY TRANSACTIONS

	2024	2023
	HK$'000	HK$'000
Purchase of automobiles with non-controlling shareholder of Wuhan Junyi (Note 1)	**2,198**	9,111
Sales of automobiles with non-controlling shareholder of Wuhan Junyi (Note 1)	**(367)**	(45)
Other expense paid to VMS Securities (Note 2)	**31**	–

The office premises of the Group in Hong Kong is provided by VMS Securities at nil (2023: nil) consideration during the year. VMS Securities is a company controlled by the substantial shareholder, Ms. Mak Siu Hang Viola, of the Company who has significant influence to the Company, as she held approximately 28.7% of the total number of issued shares of the Company, and Mr Chong Tin Lung Benny is a director of VMS Securities and the Chairman of the Company.

Note 1: Automobiles represent cars and auto parts.

Note 2: Other expense represents the service fee paid to VMS Securities during the year for the Escrow Agent services in respect of the acquisition of Hudson Group.

38. RELATED PARTY TRANSACTIONS *(Continued)*

Compensation of key management personnel

The remuneration of key management personnel of the Group during the year is as follows:

	2024 HK$'000	2023 HK$'000
Fees	**743**	722
Salaries and other benefits	**5,753**	5,645
Share-based payments	**–**	1,116
Retirement benefits scheme contributions	**54**	51
	6,550	7,534

The remuneration of key management personnel is determined by the directors having regard to the performance of individuals and market trends.

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
Amortised costs	**25,187**	31,746
Financial assets at FVTPL	**146,708**	15,308
Investment of an associate measured at FVTPL	**40,402**	117,122
Financial liabilities		
Amortised costs	**504,366**	403,254

Financial risk management objectives and policies

The Group's financial instruments include investment of an associate measured at FVTPL, financial assets at FVTPL, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, bank and other borrowings, loan from a non-controlling member of a subsidiary, loan from a related party and promissory notes. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk

Currency risk

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies and have bank deposits/balances denominated in foreign currencies.

The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's major foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
USD	**19**	21	**–**	–
RMB	**2**	2	**–**	–
EUR	**23**	24	**–**	–
GBP	**1**	1	**–**	–

Sensitivity analysis

The sensitivity analysis in HK$ against USD, RMB, EUR and GBP are not presented as the management considers that the exposure of currency risks arising from assets and liabilities denominated in USD, RMB, EUR and GBP are insignificant.

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate bank borrowing, loan from a non-controlling member of a subsidiary, lease liabilities and promissory notes. The Group's cash flow interest rate risk relates primarily to variable-rate bank balances and bank borrowing. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The sensitivity analysis of variable-rate bank balances and bank borrowing (2023: variable-rate bank balances and bank borrowing) are not presented as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances and bank borrowing is insignificant.

Other price risk

The Group is exposed to equity price risk through its investment of an associate measured at FVTPL and other financial assets measured at FVTPL. Investment of an associate measured at FVTPL represents unquoted preference shares of an investee operating in the provision of biologics contract development and manufacturing services sector which are measured at FVTPL. Other financial assets measured at FVTPL represents unquoted shares of an investee operating in the provision of robotic warehouse automation sector and contingent consideration receivable arising from acquisition of Hudson Group.

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment

The Group's credit risk is primarily attributable to trade and other receivables, bank balances and pledged bank deposits for the years ended 31 December 2024 and 2023.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade and other receivables

For trade and other receivables, the ECL on these assets are assessed individually for debtors on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance since initial recognition by the Group. The Group performs impairment assessment under 12m ECL model. As at 31 December 2024 and 2023, the Group assessed the ECL for trade and other receivables was insignificant as it is considered that the loss given default is minimal after assessing the counterparties' financial background and creditability. Thus no loss allowance was recognised.

Before accepting any new customer, the Group performed internal credit risk assessment procedures to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers were reviewed regularly. Other monitoring procedures were in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debtor at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To measure the ECL, trade receivables from contracts with customers were assessed individually. As at 31 December 2024 and 2023, the Group does not have any trade receivable.

Pledged bank deposits and bank balances

Credit risk on pledged bank deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for pledged bank deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged bank deposits and bank balances is considered to be insignificant.

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

The Group's internal credit risk grading assessment comprises the following categories:

Category	Description	Trade and rent receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired

The tables below detail the credit risk exposures of the Group's financial assets and rent receivables, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	**2024 Gross carrying amount HK$'000**	2023 Gross carrying amount HK$'000
Trade and rent receivables	23	N/A	Low risk	12m ECL	**8,491**	10,096
Other receivables and deposits	23	N/A	(Note 1)	12m ECL	**2,621**	4,828
Pledge bank deposits	24	A3 (Note 2)	N/A	12m ECL	**3,304**	5,545
Bank balances	24	A1-A3 (Note 2)	N/A	12m ECL	**18,116**	21,373

Notes:

1. *For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition for other receivables. The entire balance for other receivable is not past due or has no fixed repayment terms.*

2. *External credit ratings are sourced from international credit-rating agencies.*

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Meanwhile, the directors of the Company also assessed the going concern basis disclosed on Note 3 and are of the opinion that the Group will have sufficient funds to meet its financial obligations that will be due in the coming twelve months from 31 December 2024. The management of the Company monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from contracted interest rate at the end of the reporting period.

	Weighted average interest rate	Less than 1 year or on demand	1 to 5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2024					
Trade and other payables	**–**	**22,752**	**–**	**22,752**	**22,752**
Bank borrowing	**6.6**	**20,371**	**–**	**20,371**	**20,371**
Other borrowings	**8.6**	**257,891**	**122,399**	**380,290**	**361,483**
Promissory notes	**9.5**	**2,200**	**89,900**	**92,100**	**77,740**
Loan from a non-controlling member of a subsidiary	**10**	**12,278**	**–**	**12,278**	**11,377**
Loan from a related party	**–**	**10,643**	**–**	**10,643**	**10,643**
Lease liabilities	**3.2**	**2,697**	**3,179**	**5,876**	**5,652**
		328,832	**215,478**	**544,310**	**510,018**
As at 31 December 2023					
Trade and other payables	–	8,331	–	8,331	8,331
Bank borrowing	6.1	29,067	–	29,067	29,067
Other borrowings	8.6	274,302	61,401	335,703	314,566
Promissory note	8	2,200	30,206	32,406	29,700
Loan from a non-controlling member of a subsidiary	10	11,417	–	11,417	10,577
Loan from a related party	–	–	11,013	11,013	11,013
Lease liabilities	3.7	2,363	–	2,363	2,252
		327,680	102,620	430,300	405,506

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk *(Continued)*

Bank borrowing with a repayment on demand clause is included in the "less than 1 year or on demand" time band in the above maturity analysis. As at 31 December 2024, the aggregate carrying amounts of the bank borrowing amounted to HK$20,371,000 (2023: HK$29,067,000). Taking into account the Group's financial position, the management does not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The management believes that such bank loan will be repaid three years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Maturity Analysis – Bank loan with a repayment on demand clause based on scheduled repayments			
	Less than 1 year	1–2 years	Total undiscounted cash flows	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2024	**20,769**	**–**	**20,769**	**20,371**
As at 31 December 2023	3,307	27,659	30,966	29,067

The amounts included above for variable interest rate instruments for financial liabilities is subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages an independent qualified professional valuers to perform the valuation. The Chief Financial Officer works closely with the independent qualified professional external valuer to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the findings to the directors of the Company at each reporting period to explain the cause of fluctuations in the fair value.

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Fair value measurements of financial instruments *(Continued)*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Fair value hierarchy as at 31 December 2024 and 2023

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs
	2024 HK$'000	2023 HK$'000			
Financial asset at FVTPL – investment in Hai Robotics	**15,965**	15,308	Level 3	Investment cost plus accumulated return	Rate of return of 8% in compound interest (Note 3)
Financial asset at FVTPL – contingent consideration receivable	**130,743**	–	Level 3	2025 Guaranteed Revenue and market price of the Company	The actual revenue of Hudson Group for the period from 1 January 2025 to 31 December 2025 (Note 4)
Investment of an associate measured at FVTPL	**40,402**	117,122	Level 3	Market approach and option model	Volatility of 70% (2023: 47.5%) (Note 1); equity value (Note 2); time to liquidity event (Note 3); and liquidation and conversion probability (Note 3)

Notes:

The volatility and equity value is based on the volatilities and equity value of similar companies with assumptions of certain market conditions.

(1) An increase in the volatility used in isolation would result in a increase in the fair value, and vice versa. 5% higher/lower in volatility holding all other variables constant would increase/decrease the fair value by HK$2,340,000 (2023: HK$780,000).

(2) An increase in the equity value used in isolation would result in an increase in the fair value, and vice versa. 10% (2023: 10%) higher/lower in equity value holding all other variables constant would increase/ decrease the fair value by HK$9,360,000 (2023: HK$24,986,000).

(3) No sensitivity is provided as the management of the Company considered that the impact arising from this input is insignificant.

(4) An increase in the actual revenue of Hudson Group for the period from 1 January 2025 to 31 December 2025 will lead to a decrease in the fair value of contingent consideration receivable, vice versa.

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Reconciliation of Level 3 fair value measurements of financial assets

	HK$'000
At 1 January 2023	251,843
Unrealised fair value change recognised to profit or loss	(119,372)
Exchange adjustments	(41)
At 31 December 2023	132,430
Acquisition of subsidiaries	136,798
Unrealised fair value change recognised to profit or loss	(81,000)
Exchange adjustments	(1,118)
At 31 December 2024	187,110

There were no other transfer between Level 1, 2 and 3 during both years.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

40. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to the shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which represents bank and other borrowings, loan from a non-controlling member of a subsidiary, loan from a related party and promissory notes, net with cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves. The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details change in the Group's liabilities arising from financing activities including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flow will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank and other borrowings (Note 26) HK$'000	Loan from a related party (Note 28) HK$'000	Loan from a non-controlling member of a subsidiary (Note 27) HK$'000	Promissory notes (Note 30) HK$'000	Lease liabilities (Note 29) HK$'000	Total HK$'000
At 1 January 2023	336,143	–	9,105	27,500	–	372,748
Arising from an acquisition of a subsidiary	–	–	–	–	4,676	4,676
Financing cash flows	(27,174)	11,604	–	–	(2,307)	(17,877)
Interest expenses	20,277	–	967	2,200	123	23,567
Exchange adjustment	14,387	(591)	505	–	(240)	14,061
At 31 December 2023	**343,633**	**11,013**	**10,577**	**29,700**	**2,252**	**397,175**
Arising from an acquisition of subsidiaries	**25,952**	–	–	**45,834**	–	**71,786**
Financing cash flows	**(11,536)**	–	–	–	–	**(11,536)**
Interest expenses	**30,438**	–	**1,059**	**2,206**	**78**	**33,781**
Lease modification	–	–	–	–	**(1,315)**	**(1,315)**
New lease entered	–	–	–	–	**4,760**	**4,760**
Exchange adjustment	**(6,633)**	**(370)**	**(259)**	–	**(123)**	**(7,385)**
At 31 December 2024	**381,854**	**10,643**	**11,377**	**77,740**	**5,652**	**487,266**

42. CAPITAL COMMITMENT

	2024 HK$'000	2023 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**6,879**	–

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 December 2024 and 2023 are as follows:

Name of company	Place of incorporation/ establishment/ operations	Class of shares held	Fully paid-up and issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
				2024	2023	
				%	%	
Corich Enterprises Inc.	BVI	Ordinary	USD100	100	100	Investment holding
Home Crown Enterprises Ltd.	BVI	Ordinary	USD1	100	100	Investment holding
Smart Apex Holdings Limited#	BVI	Ordinary	USD1	100	100	Investment holding
China Premium Lifestyle Enterprise, Inc.	United States	Common	USD122,672	100	100	Investment holding
Auto Italia Limited	Hong Kong	Ordinary	HK$100,000	100	100	Trading of cars and related accessories and provision of car repairing services
Auto Italia (Hong Kong) Limited	Hong Kong	Ordinary	HK$1	100	100	Trading of cars and related accessories and provision of car repairing services
Dakota RE II Limited	BVI	Ordinary	GBP16,559	70.57	69.15	Property Holding
Italian Motors (Sales & Service) Limited	Hong Kong	Ordinary	HK$600,000	100	100	Investment holding
Rise Champ Limited	Hong Kong	Ordinary	HK$1	100	100	Property holding
Technorient Limited	Hong Kong	Ordinary	HK$46,168,700	100	100	Investment holding
勵快駿投資咨詢（上海）有限公司##	PRC	N/A	HK$1,000,000	100	100	Investment holding
Taine Holdings Limited	BVI	Ordinary	USD1	100	100	Provision of financial services
Auto Italia (Finance) Limited	Hong Kong	Ordinary	HK$1	100	100	Provision of financial services
Greenroot Investments Limited#	BVI	Ordinary	USD1	100	100	Investment holding

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of company	Place of incorporation/ establishment/ operations	Class of shares held	Fully paid-up and issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2024 %	2023 %	Principal activities
Elite Jumbo Limited ("**Elite Jumbo**")	BVI	Ordinary	USD1	100	100	Investment holding
Zone Key Limited#	BVI	Ordinary	USD1	100	100	Investment holding
Colour Path Global Limited	BVI	Ordinary	USD1	100	100	Investment holding
Rainbow Surplus Investments Limited	BVI	Ordinary	USD1	100	100	Investment holding
武漢駿意汽車銷售服務有限公司 ("Wuhan Junyi Cars Sales & Service Company Ltd")##	PRC	N/A	RMB20,000,000	51	51	Trading of cars and related accessories and provision of after sales services
Hudson Holding Limited	Samoa	Ordinary	USD100	100	–	Investment holding
Hudson Technology Limited	Hong Kong	Ordinary	HK$100	100	–	Investment holding
Pingtan Datian Zhicheng Technology Co., Ltd.##	PRC	N/A	RMB8,000,000	100	–	Research and development, sales of auto parts and accessories for vehicles, as well as the sales of EVs and related accessories

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of company	Place of incorporation/ establishment/ operations	Class of shares held	Fully paid-up and issued/ registered capital	Proportion of nominal value of issued capital/ registered capital held by the Company 2024 %	2023 %	Principal activities
Hudson Automotive Technology (Chongqing) Co., Ltd.###	PRC	N/A	RMB25,000,000	100	–	Research and development, production and export of EVs to the European market
Hudson Automotive Import and Export (Chongqing) Co., Ltd.###	PRC	N/A	RMB1,000,000	100	–	Sales and export of EVs to the European market

\# These entities are directly held by the Company.

\## This entity is wholly foreign owned enterprises registered in PRC.

\### There entities are wholly domestic owned enterprises registered in the PRC.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
		%	%	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Dakota RE II Limited*	BVI	**29.43**	30.85	**6,160**	(16,235)	**52,372**	40,668
Non-wholly owned subsidiary of Dakota RE II Limited							
Dakota Capella LLP	UK	**7.25**	7.25	**742**	(4,242)	**3,331**	1,641
Individually immaterial subsidiary with non-controlling interests				**(2,827)**	(6,135)	**1,512**	4,349
				4,075	(26,612)	**57,215**	46,658

* *excluding non-controlling interests of Dakota RE II Limited's subsidiary*

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts after intragroup eliminations.

Dakota RE II Limited and subsidiary

	2024	2023
	HK$'000	HK$'000
Current assets	**22,873**	26,852
Non-current assets	**418,839**	400,600
Current liabilities	**(261,730)**	(275,863)
Equity attributable to owners of the Company	**124,279**	109,280
Non-controlling interests of Dakota RE II Limited	**52,372**	40,668
Non-controlling interests of Dakota Capella LLP	**3,331**	1,641

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests *(Continued)*

Dakota RE II Limited and subsidiary *(Continued)*

	Year ended 31/12/2024 HK$'000	Year ended 31/12/2023 HK$'000
Revenue	**24,314**	29,368
Expenses	**(2,345)**	(79,416)
Profit (loss) for the year	**21,969**	(50,048)
Profit (loss) attributable to owners of the Company	**15,067**	(29,571)
Profit (loss) attributable to the non-controlling interests of Dakota RE II Limited	**6,160**	(16,235)
Profit (loss) attributable to the non-controlling interests of Dakota Capella LLP	**742**	(4,242)
Profit (Loss) for the year	**21,969**	(50,048)
Other comprehensive (expense) income attributable to owners of the Company	**(68)**	6,037
Other comprehensive income attributable to the non-controlling interests of Dakota RE II Limited	**5,544**	8,602
Other comprehensive income attributable to the non-controlling interests of Dakota Capella LLP	**948**	371
Other comprehensive income for the year	**6,424**	15,010
Total comprehensive income (expense) attributable to owners of the Company	**14,999**	(23,534)
Total comprehensive income (expense) attributable to the non-controlling interests of Dakota RE II Limited	**11,704**	(7,633)
Total comprehensive income (expense) attributable to the non-controlling interests of Dakota Capella LLP	**1,690**	(3,871)
Total comprehensive income (expense) for the year	**28,393**	(35,038)
Net cash inflow from operating activities	**21,792**	12,379
Net cash inflow (outflow) from investing activities	**412**	(39)
Net cash outflow from financing activities	**(22,222)**	(33,025)
Net cash outflow	**(18)**	(20,685)

44. EVENT AFTER THE REPORTING PERIOD

There are no material subsequent events after the end of the reporting period.

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK$'000	2023 HK$'000
Non-current assets		
Unlisted investments in subsidiaries	**64,707**	64,707
Amounts due from subsidiaries	**308,377**	349,706
	373,084	414,413
Current assets		
Other receivables	**897**	750
Amounts due from subsidiaries	**2,752**	3,924
Pledged bank deposits	**851**	851
Bank balances and cash	**1,122**	3,166
	5,622	8,691
Total assets	**378,706**	423,104
Current liabilities		
Other payables	**1,536**	1,310
Amounts due to subsidiaries	**66,710**	83,434
Bank and other borrowings	**20,371**	29,067
Total liabilities	**88,617**	113,811
Total assets less current liabilities	**290,089**	309,293
Capital and reserves		
Share capital	**121,850**	105,850
Reserves (Note)	**76,538**	146,364
Total equity	**198,388**	252,214
Non-current liabilities		
Bank and other borrowings	**91,701**	57,079
	290,089	309,293

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

Reserves of the Company

	Share premium HK$'000	**Capital redemption reserve** HK$'000	**Share option reserve** HK$'000	**Other reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 January 2023	265,726	2,151	25,999	46,396	(188,385)	151,887
Loss and total comprehensive expense for the year	–	–	–	–	(6,406)	(6,406)
Recognition of equity settled share-based payments, net	–	–	883	–	–	883
Transfer upon lapse of share options	–	–	(7,520)	–	7,520	–
At 31 December 2023	265,726	2,151	19,362	46,396	(187,271)	146,364
Loss and total comprehensive expense for the year	–	–	–	–	(209,825)	(209,825)
Acquisition of subsidiaries	139,999	–	–	–	–	139,999
At 31 December 2024	**405,725**	**2,151**	**19,362**	**46,396**	**(397,096)**	**76,538**

FIVE-YEAR FINANCIAL SUMMARY

	2024 HK$'000	2023 HK$'000	2022 HK$'000	2021 HK$'000	2020 HK$'000
Results					
Revenue	**31,322**	47,504	29,479	79,337	125,901
Loss for the year	**(97,006)**	(205,897)	(85,590)	(6,282)	(89,045)
Attributable to:					
Owners of the Company	**(102,136)**	(179,285)	(63,405)	(7,140)	(89,045)
Non-controlling interests	**5,130**	(26,612)	(22,185)	858	–
	(97,006)	(205,897)	(85,590)	(6,282)	(89,045)
Assets and liabilities					
Total assets	**797,211**	628,539	782,262	902,311	534,728
Total liabilities	**(529,698)**	(417,256)	(391,336)	(407,259)	(131,694)
Net assets	**267,513**	211,283	390,926	495,052	403,034
Equity attributable to:					
Owners of the Company	**212,587**	164,625	322,065	391,662	403,034
Non-controlling interests	**54,926**	46,658	68,861	103,390	–
Total equity	**267,513**	211,283	390,926	495,052	403,034

GLOSSARY OF TERMS

In this annual report, unless the context otherwise requires, the following expressions have the meanings as mentioned below:

"AGM"	the annual general meeting of the Company;
"associate(s)"	has the same meaning as ascribed to it under the Listing Rules;
"Audit Committee"	the audit committee under the Board;
"Board"	the board of Directors;
"BVI"	the British Virgin Islands;
"Bye-laws"	the bye-laws of the Company as amended, supplemented or otherwise modified from time to time;
"Capella"	the property known as Capella, 60 York Street, Glasgow, G2 8JX, United Kingdom;
"Car Division"	the business segment of the Group in respect of trading cars and related accessories, research and development and sales of electric vehicles and related accessories to the European market;
"CBL"	Chime Biologics Limited, a company incorporated in British Virgin Islands with limited liability and which is an associate company of the Company;
"CG Code"	the Corporate Governance Code contained in Appendix C1 of the Listing Rules;
"Chief Executive Officer"	the chief executive officer of the Company;
"CODM"	the chief operating decision maker of the Company;
"Companies Act"	Companies Act 1981 of Bermuda (as amended), supplemented or otherwise modified from time to time;
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
"Company"	AUTO ITALIA HOLDINGS LIMITED, an exempted company incorporated in Bermuda with limited liability, whose Shares are listed on the main board of the Stock Exchange;
"Company Secretary"	the company secretary of the Company;
"Director(s)"	the director(s) of the Company;
"EIT Law"	the law of the PRC on enterprise income tax;

"ESG"	the environmental, social and governance;
"ESG Guide"	Environmental, Social and Governance Reporting Guide contained In Appendix C2 of the Listing Rules;
"EUR"	Euro, the lawful currency of European Union;
"Executive Chairman"	the chairman of the Board;
"Executive Director(s)"	the executive director(s) of the Company;
"Executive Directors' Committee"	the executive directors' committee of the Company;
"Financial Investments and Services Division"	the business segment of the Group in respect of securities investment, financing and corporate finance services;
"GBP"	the Great British pound, the lawful currency of the United Kingdom;
"GEM"	GEM operated by the Stock Exchange under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKFRSs"	Hong Kong Financial Reporting Standards;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Non-executive Director(s)" or "INED(s)"	the independent non-executive director(s) of the Company;
"Latest Practicable Date"	28 March 2025;
"Life Science Investment Division"	the business segment of the Group in respect of life science investment;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time;
"Macau"	the Macau Special Administrative Region of the PRC;
"Main Board"	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) and which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM;
"Maserati"	an Italian luxury vehicle manufacturer, was initially associated with Ferrari S.p.A., and currently owned by Stellantis N.V.;

Glossary of Terms

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules;
"Nomination Committee"	the nomination committee under the Board;
"Non-executive Director"	the non-executive director of the Company
"PRC" or "Mainland China" or "China"	The People's Republic of China, which for the purpose of this report, excluding Hong Kong, Macau and Taiwan;
"Property Investment Division"	the business segment of the Group in respect of property investment;
"Remuneration Committee"	the remuneration committee under the Board;
"Report"	the annual report of the Company for the year ended 31 December 2024;
"Reporting Period"	the reporting period for the year ended 31 December 2024;
"RMB"	Renminbi, the lawful currency of the PRC;
"RMTF"	the risk management taskforce;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SGM"	the special general meeting of the Company;
"Share(s)"	ordinary share(s) of HK$0.02 each in the share capital of the Company;
"Shareholder(s)"	holder(s) of the Share(s);
"Stock Code"	the stock code on the Main Board and GEM;
"Stock Exchange" or "HKEx"	The Stock Exchange of Hong Kong Limited;
"Subsidiary"	has the same meaning as ascribed to it under the Listing Rules;
"substantial shareholder"	has the same meaning as ascribed to it under the Listing Rules;
"SWCS"	SWCS Corporate Services Group (Hong Kong) Limited, the company secretarial services provider;
"US$"	United States Dollars, the lawful currency of the United States of America;
"Vice-Chairman"	the vice chairman of the Board;
"VMSIG"	VMS Investment Group Limited, the substantial shareholder of the Company;
"%"	per cent.