



TIAN YUAN HEALTHCARE

天 元 医 疗

China Tian Yuan Healthcare Group Limited
中國天元醫療集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

(STOCK CODE 股份代號 : 557)

Annual Report
年報 2024



Mission Statement

To invest in businesses with high growth potential
so as to increase shareholder value.

使命

投資於具高增值潛力之業務以提高股東價值。



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Chairman's Statement

On behalf of the board (the "Board" or "Board of Directors") of directors (the "Directors") of the Company, I am pleased to present China Tian Yuan Healthcare Group Limited (the "Company") and its subsidiaries (the "Group") results for the financial year ended 31 December 2024 ("FY2024"). The Group recorded a net loss of approximately HK\$38.6 million for FY2024 as compared with a net loss of approximately HK\$27.0 million in the previous corresponding year. The higher net loss was mainly attributable to the increase in impairment loss on goodwill by HK\$23.5 million and the increase in net realised and unrealised valuation loss on financial assets at fair value through profit or loss by HK\$5.0 million, while such increment is partially offset by the decrease in administration expenses by HK\$9.6 million and the decrease in expected credit loss recognised by HK\$12.5 million. The Group recorded a net loss attributable to the equity shareholders of the Company of approximately HK\$34.2 million for FY2024 as compared with a net loss attributable to the equity shareholders of the Company of approximately HK\$15.5 million in the previous corresponding year.

Investment Holding segment

The Group's Investment Holding segment recorded net realised and unrealised foreign exchange loss of approximately HK\$3.0 million and the net realised and unrealised valuation loss on financial assets at FVTPL of approximately HK\$3.3 million. Overall, total net realised and unrealised loss of approximately HK\$6.3 million was recorded for FY2024 as compared with the total net realised and unrealised loss of approximately HK\$3.1 million in the previous corresponding year. Consequently, the Group's Investment Holding segment reported a loss before tax of approximately HK\$18.0 million for FY2024 as compared with a loss before tax of approximately HK\$13.2 million in the previous corresponding year.

Healthcare segment

The Group's healthcare business has been carried out under Shanghai Yuyue Meilianchen Healthcare Beauty Hospital Limited* (上海愉悅薇萊醫療美容醫院有限公司) (the "Shanghai Hospital"), PRIP Communications Limited ("PRIP") and DIAM Holdings Co., Ltd ("DIAM").

The Group partially owned the Shanghai Hospital and it is principally engaged in the plastic surgery operation in Shanghai City of the People's Republic of China (the "PRC"). Shanghai Hospital is a specialized plastic surgery hospital which operates class 1 to class 3 plastic surgery operations and facial bone contouring technique plastic surgery operations in the PRC, and provides high quality services to the public customers. Shanghai Hospital has obtained the medical institution practicing license in the PRC to carry out its plastic surgery services in the PRC. Shanghai Hospital has been providing plastic surgery services, including but not limited to, Chinese medical aesthetic services, aesthetic dentistry, facial contouring surgery, etc. Shanghai Hospital recorded revenue of approximately HK\$7.6 million and net loss of approximately HK\$12.4 million for FY2024 as compared with revenue of approximately HK\$25.6 million and net loss of approximately HK\$17.9 million in the previous corresponding year. The drop in revenue in 2024 was attributed to the moderation of the macroeconomy and business activities in the PRC, leading to persistently weak consumer sentiment, which adversely affected the demand for plastic surgery services at Shanghai Hospital.

On the other hand, Shanghai Hospital has optimized its cost structure by reducing various expenses and so the net loss for FY2024 was reduced by approximately HK\$5.5 million as compared to the previous corresponding year. In addition, new skincare products were launched at the end of 2024 which will become a new source of revenue for Shanghai Hospital (refer to the section headed "PROSPECTS" below for details).

PRIP contributed royalty income of approximately HK\$1.6 million for FY2024 as compared with royalty income of approximately HK\$1.7 million in the previous corresponding year, and DIAM contributed service income of HK\$16,000 for FY2024 while no service income was recorded in the previous corresponding year.

Money Lending and Related Business segment

Regarding the Group's Money Lending and Related Business segment, the Company recognised interest income from third parties loans of HK\$17.6 million for FY2024, as compared with interest income from third parties loans of HK\$17.9 million in the previous corresponding year.

Chairman's Statement

Others

Basic loss per share for FY2024 was HK\$8.58 cents, calculated on the weighted average number of ordinary shares of the Company in issue during the year of 398,979,524. The Group's net tangible assets per share was HK\$0.39 as at 31 December 2024, decreased from HK\$0.41 as at 31 December 2023. The board did not propose a final dividend for FY2024.

PROSPECTS

Healthcare business

The Group will continue to further develop and expand its existing core business, including but not limited to the plastic surgery and medical beauty services and assisted reproductive IVF services hospitals in China and other Asia Markets. The Group has been continuously exploring the healthcare and plastic surgery sector in the PRC. The Group is of the view that there is room for growth in customer spending in the medical beauty industry in the PRC in the future.

Through the Group's experience in the management of PRIP, and the importation of the Korean DA branding to the market in the PRC, and its experience in the investment in Shanghai Hospital, the Group will further develop the provision of management and marketing services to other plastic surgery hospitals in the PRC in the future.

At the same time, leveraging the Group's professional expertise and industry presence in the medical aesthetics field, and in order to further expand the Group's market share in plastic surgery and medical aesthetic services while increasing revenue sources within the same business scope, the Group actively developed new skincare products business by the end of 2024. According to the domestic market segmentation, skincare products are mainly classified into Cosmetics products (make-up and skincare products for daily use) and Mechanical products (medical device products). The Group has already launched a Mechanical mask product, DA Mask, and a Cosmetics skincare brand, BIOELEGENCE, which launched its first mask product at the end of November 2024. More skincare products will be launched in both of the above segments.

Mechanical mask in China is a hyaluronic acid mask products dedicated to aesthetic medical customers which can be used immediately after surgery, generally used in the aesthetic medical hospital. Shanghai Hospital, as a long-established large-scale specialised plastic surgery hospital, perfectly fits the scenario of using DA Mask. In the future, Shanghai Hospital will use the DA Mask within the hospital and leverage its own customer channels to extensively promote the DA Mask. The management will also actively promote the DA Mask within the industry, aiming to expand the scope of use through continuous expansion.

The brand positioning of BIOELEGENCE is to promote the whole cycle of skincare products after aesthetic medical surgery. The brand's products are primarily designed to be used at home after aesthetic medical surgery. The establishment of the brand is also based on the Group's many years of practical experience in the aesthetic medical industry, and is specifically developed. It is in a relatively leading position in the domestic segmentation track. The customers of Shanghai Hospital will also be the target customers of BIOELEGENCE brand products. The Group will carry out sales for all the potential customers in the hospital, and transforming the customers of Shanghai Hospital into the seed users of BIOELEGENCE, and further expand the influence of the brand through diversified marketing approaches and different channels. In this way, Shanghai Hospital can also provide its customers with a wider range of better products, coordinating with the medical aesthetic services of Shanghai Hospital to enhance the customer service experience on the one hand and expanding sales revenue on the other hand.

In order to promote the brand of BIOELEGENCE, the Group has carried out all-round promotions on online channels such as Xiaohongshu and Douyin, etc. At the same time, the Group has won the Bazaar Beauty Award in 2024, which will give the brand an even greater advantage in terms of brand influence and online promotions in the future. In the future, the Group will seek more online cooperation opportunities and synchronised offline promotions, with the goal of increasing its market position and share in the coming year.

Chairman's Statement

Money lending and related business

In 2025, the Group will continue its money lending and related business, which include lender or borrower referral business, fund matching, fund arrangement and/or fund participation but exclude any regulatory activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). Delightful Aesthetics Investment Limited, a wholly-owned subsidiary of the Company, is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong). Given the adverse impact of the trade friction between the PRC and the United States and the geopolitical tensions on the macroeconomy and the global and domestic business activities, the Group has been and will be more cautious with the credit assessment and acceptance of customers from money lending and related business. In order to strike a balance between expansion of the money lending and related business segment and the risk control of the Group, the Group will adopt a more prudent credit assessment and procedures when accepting customers for money lending business in the future.

Investment holding

The Group will continue to hold some trading securities and will monitor and make appropriate changes on the investment portfolio from time to time to adapt to the economic environment. In addition, the Group will explore different short-term investment plans to improve its investment return by using the cash reserves on hand in different currencies. From time to time, there could be continued adjustments attributable to unrealised gains or losses arising from the fair value measurement of the Group's trading securities and unrealised gains or losses on the revaluation of foreign currency cash deposits.

New business segments

Whilst the Group is striving for progress in its existing businesses, the management is also actively seeking other business opportunities with a view of diversifying and enhancing income sources.

On behalf of the Board of Directors, I would like to thank all customers, business partners, Shareholders, management and staff for their continued support of the Group.

Dong Wei

Chairman

28 March 2025

Financial Statistics Summary

Consolidated Statement of Profit or Loss

	2024 HK\$'000	2023 HK\$'000	The Group 2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	26,845	45,230	54,216	94,588	56,340
Loss before taxation	(38,429)	(28,778)	(40,349)	(19,063)	(125,847)
Income tax (expense)/credit	(177)	1,821	–	–	15,812
Loss for the year	(38,606)	(26,957)	(40,349)	(19,063)	(110,035)
Attributable to:					
Equity shareholders of the Company	(34,238)	(15,484)	(29,036)	(16,854)	(65,101)
Non-controlling interests	(4,368)	(11,473)	(11,313)	(2,209)	(44,934)
Loss for the year	(38,606)	(26,957)	(40,349)	(19,063)	(110,035)
Earnings per share					
Basic loss per share (HK cents)	(8.58)	(3.88)	(7.28)	(4.22)	(16.31)
Continuing operations					
Basic loss per share (HK cents)	(8.58)	(3.88)	(7.28)	(4.22)	(16.31)

Financial Statistics Summary

Consolidated Statement of Financial Position

	The Group				
	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Property, plant and equipment	38,045	43,683	50,759	60,914	59,362
Intangible assets	5,644	7,331	12,043	17,835	20,999
Goodwill	31,473	57,385	58,407	62,834	60,687
Interest in associates	6,355	6,596	7,167	7,511	7,111
Trade and other receivables	2,986	4,884	15,342	8,529	11,366
Deferred tax assets	1,644	1,821	–	–	–
Current assets	174,787	181,254	189,827	218,776	221,771
Total assets	260,934	302,954	333,545	376,399	381,296
Current liabilities	(49,252)	(46,185)	(44,233)	(36,357)	(31,865)
Total assets less current liabilities	211,682	256,769	289,312	340,042	349,431
Dividends received in excess of earnings from equity-method accounted joint venture	–	–	(227)	(227)	(227)
Lease liabilities	(35,731)	(41,588)	(47,063)	(55,764)	(51,817)
Net assets	175,951	215,181	242,022	284,051	297,387
Capital and reserves					
Share capital	398,980	398,980	398,980	398,980	398,980
Share premium	20,663	20,663	20,663	20,663	20,663
Deficit	(224,961)	(189,380)	(195,341)	(163,396)	(152,115)
Total equity attributable to equity shareholders of the Company	194,682	230,263	224,302	256,247	267,528
Non-controlling interests	(18,731)	(15,082)	17,720	27,804	29,859
Total equity	175,951	215,181	242,022	284,051	297,387

Business Review

Group Performance

The Group recorded a net loss of approximately HK\$38.6 million for FY2024 as compared with a net loss of approximately HK\$27.0 million for the year ended 31 December 2023 ("FY2023"). The higher net loss was mainly attributable to the increase in impairment loss on goodwill by HK\$23.5 million and the increase in net realised and unrealised valuation loss on financial assets at fair value through profit or loss by HK\$5.0 million, while such increment is partially offset by the decrease in administration expenses by HK\$9.6 million and the decrease in expected credit loss recognised by HK\$12.5 million.

The Group recorded a net loss attributable to the equity shareholders of the Company of approximately HK\$34.2 million for FY2024 as compared with a net loss attributable to the equity shareholders of the Company of approximately HK\$15.5 million in FY2023.

The analysis of the Group's revenue and profit and loss from operations by business segments are set out in the notes to the financial statements.

Investment Holding segment

The Group's Investment Holding segment recorded net realised and unrealised foreign exchange loss of approximately HK\$3.0 million and the net realised and unrealised valuation loss on financial assets at FVTPL of approximately HK\$3.3 million. Overall, total net realised and unrealised loss of approximately HK\$6.3 million was recorded for FY2024 as compared with the total net realised and unrealised loss of approximately HK\$3.1 million in FY2023.

Consequently, the Group's Investment Holding segment reported a loss before tax of approximately HK\$18.0 million for FY2024 as compared with a loss before tax of approximately HK\$13.2 in FY2023.

Healthcare segment

The Group's healthcare business has been carried out under Shanghai Hospital, PRIP and DIAM.

The Group partially owned the Shanghai Hospital and it is principally engaged in the plastic surgery operation in Shanghai City of the PRC. Shanghai Hospital is a specialized plastic surgery hospital which operates class 1 to class 3 plastic surgery operations and facial bone contouring technique plastic surgery operations in the PRC, and provides high quality services to the public customers. Shanghai Hospital has obtained the medical institution practicing license in the PRC to carry out its plastic surgery services in the PRC. Shanghai Hospital has been providing plastic surgery services, including but not limited to, Chinese medical aesthetic services, aesthetic dentistry, facial contouring surgery, etc. For FY2024, Shanghai Hospital recorded revenue of approximately HK\$7.6 million and net loss of approximately HK\$12.4 million as compared with a revenue of HK\$25.6 million and net loss of approximately HK\$17.9 million for FY2023. The drop in revenue in 2024 was attributed to the moderation of the macroeconomy and business activities in the PRC, leading to persistently weak consumer sentiment, which adversely affected the demand for plastic surgery services at Shanghai Hospital.

On the other hand, Shanghai Hospital has optimized its cost structure by reducing various expenses. As a result, its net loss for FY2024 was reduced by approximately HK\$5.5 million as compared to FY2023. In addition, new skincare products were launched at the end of 2024 which will become a new source of revenue for Shanghai Hospital (refer to the section headed "PROSPECTS" below for details).

Business Review

PRIP contributed royalty income of approximately HK\$1.6 million for FY2024 as compared with royalty income of approximately HK\$1.7 million in FY2023, and DIAM contributed service income of HK\$16,000 for FY2024 while no service income was recorded for FY2023.

Money Lending and Related Business segment

Regarding the Group's Money Lending and Related Business segment, the Company recognised interest income from third parties loans of HK\$17.6 million for FY2024, as compared with interest income from third parties loans of HK\$17.9 million in FY2023.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Venture

The Group had no material acquisitions and disposals of subsidiaries, associates and joint venture during the year under review.

Financial Position

As at 31 December 2024, the Group's total assets stood at HK\$260.9 million, decreased from HK\$303.0 million as at 31 December 2023. The Group's net tangible asset per share was HK\$0.39 as at 31 December 2024, decreased from HK\$0.41 as at 31 December 2023.

As at 31 December 2024, the Group's working capital ratio was 3.5 (2023: 3.9).

The Group reports its results in Hong Kong Dollar and it is the objective of the Group to preserve its value in terms of Hong Kong Dollar. It is the Group's policy to continue to pursue strategies that would enhance the Group's long-term value and bring reasonable returns to the Shareholders with a cautious attitude.

Cash Flow and Borrowings

During FY2024, cash used in operations amounted to HK\$6.9 million plus interest received of HK\$17.6 million during the year, this resulted in net cash generated from operating activities amounting to HK\$10.7 million.

In FY2024, the Group recorded net cash inflow for net proceeds on disposal of property, plant and equipment amounting to HK\$14,000 and cash outflow for purchase of property, plant and equipment of HK\$17,000, as a result, the net cash used in investing activities amounted to HK\$3,000.

Overall, HK\$0.2 million net cash was used and resulted in a total Group's cash and cash equivalents of HK\$24.3 million as at 31 December 2024, increased from HK\$20.9 million as at 31 December 2023.

The Group did not have any bank borrowings as at 31 December 2024, the Group was in a net cash position amounting to HK\$24.3 million as at 31 December 2024. Hence, the Group's gearing as at 31 December 2024 was zero, which is expressed as a percentage of current and non-current loans and borrowings less cash and cash equivalents over total equity attributable to equity shareholders of the Company.

Treasury Activities

During FY2024, majority of the Group's cash was held in Hong Kong and United States Dollar cash deposits. We will closely monitor the Group's exposure to currency movement and take the appropriate action when necessary.

Directors and Employees

As at 31 December 2024, the Group had a total of 34 employees, including directors (2023: 59).

The total Group's staff costs comprising salaries, wages and other benefits was HK\$11.4 million as compared with HK\$20.0 million in FY2023. The decrease in payroll costs was mainly attributable to the payroll cost of Shanghai Hospital having dropped.

The Group has a competitive wage and benefits package which are key to maintaining a level of consistent and quality services.

The Group has conducted a range of training programmes to strengthen employees' all-round skills and knowledge, aiming to well-equip them to cope with the developments in the ever-changing economy.

Business Review

Principal Risks and Uncertainties

The Group's financial condition, results of operations, businesses and prospects would be affected by a number of risks and uncertainties including business risks, operational risks and financial management risks.

The Company's Money Lending and Related Business is susceptible to credit risk. The Group refers to the money lending policy and guidelines for credit assessment on the borrowers, including evaluating a prospective borrowers' financial condition and assessing possible loan collateral. The related agreements are monitored continuously to ensure that the terms are being followed.

The financial risk management policies and practices of the Group are shown in note 32 to the financial statements.

There may be other risks and uncertainties in addition to those mentioned above which are not known to the Group or which may not be material now but could turn out to be material in the future.

Compliance with the Relevant Laws and Regulations

As far as the Board and management of the Company are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During FY2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Relationship with Suppliers, Customers and other Stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers and customers to meet its immediate and long-term goals. It enjoys good relationships with suppliers and customers and strives to take an active part in the communities where they operate. During FY2024, there were no material and significant dispute between the Group and its suppliers and/or customers.

Environmental Policies and Performance

The Group is committed to the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Such initiatives include recycling of used papers and, energy saving measures. The prescribed information of environmental, social and governance matters are disclosed in the Environmental, Social and Governance Report section to the annual report.

PROSPECTS

Healthcare business

The Group will continue to further develop and expand its existing core business, including but not limited to the plastic surgery and medical beauty services and assisted reproductive IVF services hospitals in China and other Asia markets. The Group has been continuously exploring the healthcare and plastic surgery sector in the PRC. The Group is of the view that there is room for growth in customer spending in the medical beauty industry in the PRC in the future.

Through the Group's experience in the management of PRIP, and the importation of the Korean DA branding to the market in the PRC, and its experience in the investment in Shanghai Hospital, the Group will further develop the provision of management and marketing services to other plastic surgery hospitals in the PRC in the future.

At the same time, leveraging the Group's professional expertise and industry presence in the medical aesthetics field, and in order to further expand the Group's market share in plastic surgery and medical aesthetic services while increasing revenue sources within the same business scope, the Group actively developed new skincare products business by the end of 2024. According to the domestic market segmentation, skincare products are mainly classified into Cosmetics products (make-up and skincare products for daily use) and Mechanical products (medical device products). The Group has already launched a Mechanical mask product, DA Mask, and a Cosmetics skincare brand, BIOELEGENCE, which launched its first mask product at the end of November 2024. More skincare products will be launched in both of the above segments.

Business Review

Mechanical mask in China is a hyaluronic acid mask products dedicated to aesthetic medical customers which can be used immediately after surgery, generally used in the aesthetic medical hospital. Shanghai Hospital, as a long-established large-scale specialised plastic surgery hospital, perfectly fits the scenario of using DA Mask. In the future, Shanghai Hospital will use the DA Mask within the hospital and leverage its own customer channels to extensively promote the DA Mask. The management will also actively promote the DA Mask within the industry, aiming to expand the scope of use through continuous expansion.

The brand positioning of BIOELEGENCE is to promote the whole cycle of skincare products after aesthetic medical surgery. The brand's products are primarily designed to be used at home after aesthetic medical surgery. The establishment of the brand is also based on the Group's many years of practical experience in the aesthetic medical industry, and is specifically developed. It is in a relatively leading position in the domestic segmentation track. The customers of Shanghai Hospital will also be the target customers of BIOELEGENCE brand products. The Group will carry out sales for all the potential customers in the hospital, and transforming the customers of Shanghai Hospital into the seed users of BIOELEGENCE, and further expand the influence of the brand through diversified marketing approaches and different channels. In this way, Shanghai Hospital can also provide its customers with a wider range of better products, coordinating with the medical aesthetic services of Shanghai Hospital to enhance the customer service experience on the one hand and expanding sales revenue on the other hand.

In order to promote the brand of BIOELEGENCE, the Group has carried out all-round promotions on online channels such as Xiaohongshu and Douyin, etc. At the same time, the Group has won the Bazaar Beauty Award in 2024, which will give the brand an even greater advantage in terms of brand influence and online promotions in the future. In the future, the Group will seek more online cooperation opportunities and synchronised offline promotions, with the goal of increasing its market position and share in the coming year. The Group expects to rely on its internal resources to further develop such business.

Money lending and related business

In 2025, the Group will continue its money lending and related business, which include lender or borrower referral business, fund matching, fund arrangement and/or fund participation but exclude any regulatory activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). Delightful Aesthetics Investment Limited, a wholly-owned subsidiary of the Company is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong). Given the adverse impact of the trade friction between the PRC and the United States and the geopolitical tensions on the macroeconomy and the global and domestic business activities, the Group has been and will be more cautious with the credit assessment and acceptance of customers from money lending and related business. In order to strike a balance between expansion of the money lending and related business segment and the risk control of the Group, the Group will adopt a more prudent credit assessment and procedures when accepting customers for money lending business in the future.

Investment holding

The Group will continue to hold some trading securities and will monitor and make appropriate changes on the investment portfolio from time to time to adapt to the economic environment. In addition, the Group will explore different short-term investment plans to improve its investment return by using the cash reserves on hand in different currencies. From time to time, there could be continued adjustments attributable to unrealised gains or losses arising from the fair value measurement of the Group's trading securities and unrealised gains or losses on the revaluation of foreign currency cash deposits.

New business segments

Whilst the Group is striving for progress in its existing businesses, the management is also actively seeking other business opportunities with a view of diversifying and enhancing income sources.

Corporate Governance Report

For the year ended 31 December 2024

(a) Corporate governance practices

Paragraph C.2.1 of the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Starting from 4 November 2022, the roles of Chairman and Chief Executive Officer of the Company were both performed by Ms. Dong Wei. She is responsible for formulating the overall business development strategy and planning of the Group. The Directors meet regularly to consider issues related to corporate matters affecting operations of the Group and considers that this deviation will not impair the balance of power and authority of the Board and the Company’s management and thus, the Directors believe the current structure will enable effective planning and implementation of corporate strategies and decisions of the Group. Notwithstanding the above, the Company is endeavouring to identify suitable candidate for executive directors to share the roles of Ms. Dong Wei (as the Chairman and Chief Executive Officer) as soon as practicable to meet the requirements of the Corporate Governance Code.

The Directors and management of the Company (the “Management”) are committed to maintaining high standards of corporate governance, in line with the principles stated in the Corporate Governance Code.

The Management provides all members of the board with monthly updates giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient detail to enable the Board as a whole and each director to make an informed assessment of financial and other information put before them for approval and to discharge their duties under rule 3.08 and Chapter 13 of the Listing Rules.

In the opinion of the Directors, saved as disclosed herein, the Company has complied with Corporate Governance Code, in particular, the code provisions, throughout the year under review.

The Company reviews its corporate governance practices from time to time to ensure compliance with the Corporate Governance Code.

(b) Directors’ securities transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “Model Code”) as the Company’s code of conduct regarding Directors’ securities transactions. All Directors have confirmed that they have complied with the Model Code throughout the year under review.

(c) Board of Directors

During the year under review and up to the date of this annual report, the Board comprises five Directors, of which one is executive Director, one is non-executive Director and three are independent non-executive Directors. The members of the Board are as follows:

Executive Director

Ms. Dong Wei (*Chairman*)

Non-executive Director

Ms. He Mei

Independent Non-executive Directors

Mr. Yuen Kwok Kuen

Ms. Zhou Siqi

Mr. Li Jun

The biographical details of the Directors and senior management of the Company (the “Senior Management”) as at the date of this annual report are set out in the Profile on Directors and Senior Management section of the Directors’ Report.

There is no relationship (including financial, business, family or other material/relevant relationship) between the Board members of the Company.

Corporate Governance Report

For the year ended 31 December 2024

(c) Board of Directors (cont'd)

The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considered such independent non-executive Directors to be independent.

The Board's primary functions are to set corporate policy and overall strategy for the Group and to provide effective oversight of the management of the Group's business and affairs. The Board should establish the Company's purpose, values and strategy, and satisfy itself that these and the Company's culture are aligned. All Directors must act with integrity, lead by example, and promote the desired culture. Such culture should instil and continually reinforce across the organisation values of acting lawfully, ethically and responsibly. Apart from its statutory responsibilities, the Board also approves the strategic plans, key operational issues, investments and loans, reviews the financial performance of the Group and evaluates the performance and compensation of Senior Management. These functions are either carried out directly by the Board or through committees established by the Board. The Board gives the committees sufficiently clear terms of reference to enable them to perform their functions properly. The terms of reference require them to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements). The Management is responsible for the day-to-day management and operations of the Company's business including the implementation of internal control, business strategies and plans approved by the Board. The Company reviews the functions reserved to the Board and those delegated to the Management periodically to ensure that they remain appropriate to the Company's need. When the Board delegates aspects of its Management and administration functions to the Management, it must, at the same time, give clear directions as to the Management's powers, in particular, where the Management should report back and obtain prior Board approval before making decisions or entering into any commitments on the Company's behalf. Directors clearly understand delegation arrangements in place. The Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Directors, individually or as a group, are entitled to take independent professional advice, at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant it.

The Company conducts regular scheduled Board meetings. Additional meetings are convened as and when circumstances warrant. The attendance of individual Directors at Board, Audit Committee, Remuneration Committee, Nomination Committee and general meetings of the Company in 2024, as well as the frequency of such meetings, is set out below:

Name of Director	Attendance/Number of Meetings				Attended 2024 AGM
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
<i>Executive Director</i>					
Ms. Dong Wei	20/20	N/A	3/3	1/1	✓
<i>Non-executive Director</i>					
Ms. He Mei	20/20	N/A	N/A	N/A	✓
<i>Independent Non-executive Directors</i>					
Mr. Yuen Kwok Kuen	9/20	3/3	3/3	1/1	✓
Ms. Zhou Siqi	9/20	3/3	3/3	1/1	✓
Mr. Li Jun	9/20	3/3	3/3	1/1	✓

N/A – Not Applicable

Corporate Governance Report

For the year ended 31 December 2024

(d) Directors' Training and Professional Development

All Directors should keep abreast of the responsibilities as a Director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable training for its Directors. The Directors' training records for the year had been provided to the Company.

On appointment to the Board, the newly appointed Director would be provided a comprehensive induction package covering business operations and obligations of being a director to ensure that the Director would be sufficiently aware of the responsibilities under the Listing Rules and other relevant regulatory requirements.

From time to time, the Company updates and provides written materials to the Directors on the latest development of the Listing Rules, applicable laws, rules and regulations relating to directors' duties and responsibilities. All Directors confirmed that they have complied with the Corporate Governance code provision C.1.4.

(e) Chairman and Chief Executive Officer

Ms. Dong Wei is the Chairman of the Board and also the CEO.

The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Starting from 4 November 2022, the roles of Chairman and Chief Executive Officer of the Company were both performed by Ms. Dong Wei. She is responsible for formulating the overall business development strategy and planning of the Group.

The chairman's duties and responsibilities include the following:

- a. The chairman should ensure that all directors are properly briefed on issues arising at board meetings.
- b. The chairman should be responsible for ensuring that directors receive, in a timely manner, adequate information, which must be accurate, clear, complete and reliable.
- c. One of the important roles of the chairman is to provide leadership for the board. The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner. The chairman should be primarily responsible for drawing up and approving the agenda for each board meeting. The chairman should take into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate this responsibility to a designated director or the company secretary.
- d. The chairman should take primary responsibility for ensuring that good corporate governance practices and procedures are established.
- e. The chairman should encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that it acts in the best interests of the Company. The chairman should encourage directors with different views to voice their concerns, allow sufficient time for discussion of issues and ensure that board decisions fairly reflect board consensus.
- f. The chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors.
- g. The chairman should ensure that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the board as a whole.
- h. The chairman should promote a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors.

The Directors meet regularly to consider issues related to corporate matters affecting operations of the Group and considers that this deviation will not impair the balance of power and authority of the Board and the Company's management and thus, the Directors believe the current structure will enable effective planning and implementation of corporate strategies and decisions of the Group. Notwithstanding the above, the Company is endeavouring to identify suitable candidate for executive directors to share the roles of Ms. Dong Wei (as the chairman and chief executive officer) as soon as practicable to meet the requirements of the Corporate Governance Code.

Corporate Governance Report

For the year ended 31 December 2024

(f) Non-executive Directors and Independent Non-executive Directors

The non-executive Directors and independent non-executive Directors were appointed for a specific term of 2 years, subject to retirement by rotation at annual general meeting and being eligible, to offer themselves for re-election.

The functions of non-executive Directors and independent non-executive Directors include:–

- (a) participating in board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct;
- (b) taking the lead where potential conflicts of interests arise;
- (c) serving on the audit, remuneration, nomination and other governance committees; and
- (d) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

(g) Remuneration Committee ("RC")

The RC was established in May 2005 and comprises 3 independent non-executive Directors and 1 executive Director as at the date of this annual report. The members of the RC as at the date of this annual report are as follows:

Mr. Li Jun	Chairman (Independent non-executive Director)
Mr. Yuen Kwok Kuen	Member (Independent non-executive Director)
Ms. Dong Wei	Member (Executive Director)
Ms. Zhou Siqi	Member (Independent non-executive Director)

The primary objective of the RC is to consider Senior Management's remuneration recommendation, and determine the framework or broad policy for remuneration for the Directors and the senior key executives, including the CEO. No Director or any of his associates may be involved in any decisions as to his own remuneration.

The duties of the RC also include:

- (a) To review and approve Senior Management's remuneration recommendation and the criteria for assessing employee performance, which should reflect the Company's business objectives and targets;
- (b) To consider Senior Management's recommendation on the payment of annual and/or variable performance bonus to employees of the Company, and review and approve the annual and/or variable performance bonus payable to the executive Directors and Senior Management, having regard to their achievements against the performance criteria and by reference to market norms.
- (c) To make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

Corporate Governance Report

For the year ended 31 December 2024

(g) Remuneration Committee ("RC") (cont'd)

- (d) To make recommendations to the Board on the remuneration of non-executive Directors;
- (e) To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) To review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (g) To review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (h) To ensure that no Director or any of their associates is involved in deciding that Director's own remuneration.

The RC consults the chairman and/or chief executive about their remuneration proposals for other executive directors. The RC have access to independent professional advice if necessary.

The RC is provided with sufficient resources to perform its duties.

The Group's remuneration policy for the staffs, including Directors, comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes bonus and share award grants), taking into account other factors such as the individual performance, the performance of the Company and industry practices.

The RC met once during the year to discuss remuneration related matters (including the remuneration of Directors and Senior Management) and review the remuneration policy of the Group. It has been decided that the RC would determine, with delegated responsibility, the remuneration packages of individual executive Directors and Senior Management.

The remuneration payable by band to Senior Management during the year is as follows:

	Number of Individuals
HK\$Nil – HK\$1,000,000	–
HK\$1,000,001 – HK\$1,500,000	–
HK\$1,500,001 – HK\$2,000,000	–
HK\$2,000,001 – HK\$2,500,000	–
HK\$2,500,001 – HK\$3,000,000	–
HK\$4,000,001 – HK\$4,500,000	–

Further details of Directors' and CEO's emoluments and the 5 top-paid employees of the Group during the year are set out in notes 10 and 11 to the Financial Statements.

Corporate Governance Report

For the year ended 31 December 2024

(h) Nomination Committee (“NC”)

The NC was established in August 2005 and comprises 3 independent non-executive Directors and 1 executive Director as at the date of this annual report. The members of the NC as at the date of this annual report are as follows:

Ms. Zhou Siqi	Chairman (Independent non-executive Director)
Mr. Yuen Kwok Kuen	Member (Independent non-executive Director)
Mr. Li Jun	Member (Independent non-executive Director)
Ms. Dong Wei	Member (Executive Director)

The principal responsibilities of the NC are to review regularly the Board structure, size and composition to make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy to identify and nominate suitable candidates as Board members, to assess the independence of the independent non-executive Directors, and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular, the Chairman of the Board and the CEO.

The Company provides the NC sufficient resources to perform its duties. Where necessary, the NC should seek independent professional advice, at the Company’s expense, to perform its responsibilities.

The Company has adopted a “Board Diversity Policy” on 1 September 2013 which sets out the Company’s approach and the basic principles to be followed in order to achieve diversity on the Board. The Company believes diversity is important to enhance board effectiveness by encouraging a diversity of perspectives and to maintain high standards of corporate governance. The range of diversity perspectives may include a consideration of various factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and other factors based on the specific needs of the Company. The Company agrees with the general philosophy of diversity for the Board, and will pursue this philosophy whenever the opportunity arises, and when it is appropriate.

During the year under review, the NC met once to assess the independence of independent non-executive Directors and the balance and composition of the Board and Board committees. The NC also reviewed and recommended the re-election of the retiring Directors at the 2024 AGM.

(i) Audit Committee (“AC”)

The AC was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal controls. Full minutes of AC meetings are kept by the company secretary. Draft and final versions of minutes of the meetings are sent to all committee members for their comment and records after the meeting. The AC comprises 3 independent non-executive Directors as at the date of this annual report. The members of the AC as at the date of this annual report are as follows:

Mr. Yuen Kwok Kuen	Chairman (Independent non-executive Director)
Ms. Zhou Siqi	Member (Independent non-executive Director)
Mr. Li Jun	Member (Independent non-executive Director)

The principal responsibility of the AC is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the Company’s financial reporting process and material internal controls, including financial, operational, compliance and risk management controls. Other duties within its written terms of reference include:

- (a) To monitor the integrity of the half-year, quarterly or other periodic and annual financial statements and review them before submission to the Board for approval for publication;
- (b) To review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

Corporate Governance Report

For the year ended 31 December 2024

(i) Audit Committee (“AC”) (cont’d)

- (c) To review the internal audit programme, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group, and to review and monitor its effectiveness;
- (d) To review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;
- (e) To be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- (f) To develop and implement policy on engaging an external auditor to supply non-audit services and reports to the Board, identifying and making recommendations on any matters where action or improvement is needed;
- (g) To review the Company’s financial controls, and to review the Company’s risk management and internal control systems;
- (h) To discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion includes the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s accounting and financial reporting function;
- (i) To consider major investigation findings on risk management and internal control matters as delegated by the Board and management’s response to these findings;
- (j) To review the external auditor’s management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management’s response; and
- (k) To ensure that the Board will provide a timely response to the issues raised in the external auditor’s management letter.

During the year under review, the AC held (2) meetings in March and August. In the meetings held in March 2024 and August 2024, the Annual Report and Audited Financial Statements for the year ended 31 December 2023 and the Interim Report and Financial Statements for the period ended 30 June 2024 were reviewed. Other financial, internal control, corporate governance and risk management matters of the Group were also discussed in these meetings.

The AC has reviewed the independence of the external auditors, Crowe (HK) CPA Limited as well as objectivity and effectiveness of the audit process. The AC also made recommendations to the Board on the appointment and retention of the external auditors. The AC meets with the external auditors separately without the presence of Management, annually.

The AC is provided with sufficient resources to perform its duties.

Corporate Governance Report

For the year ended 31 December 2024

(j) Corporate governance functions

The Board is responsible for the corporate governance functions, which include the following duties:

- (a) To develop and review the Company's policies and practices on corporate governance;
- (b) To review and monitor the training and continuous professional development of Directors and Senior Management;
- (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 applicable to employees and Directors; and
- (e) To review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The Board has discharged the above functions during the year.

(k) Auditor and Auditors' remuneration

The Company's external auditor is Crowe. The remuneration paid/payable to Crowe in respect of audit services and permissible audit related services for the year ended 31 December 2024 amounted to approximately HK\$1,750,000.

(l) Accountability

The Directors acknowledge that they are primarily responsible for the preparation of the financial statements which give a true and fair view and that appropriate accounting policies are selected and applied consistently.

To the best knowledge of the Directors, there is no uncertainty relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

(m) Risk management and internal controls

Responsibilities

The Board is responsible for confirming and supervising the management's responsibilities in designing, implementing and monitoring the risk management and internal control systems, and the management is responsible for reporting to the Board on the effectiveness of such system.

The establishment of a set of robust and efficient risk management and internal control systems is aimed at achieving the Group's strategic objectives and protecting Shareholders' investment and the Group's assets. Such system is designed for managing rather than eliminating the risks of failure in achieving the strategic objectives and only provides reasonable rather than absolute guarantee for not having material false statement or loss.

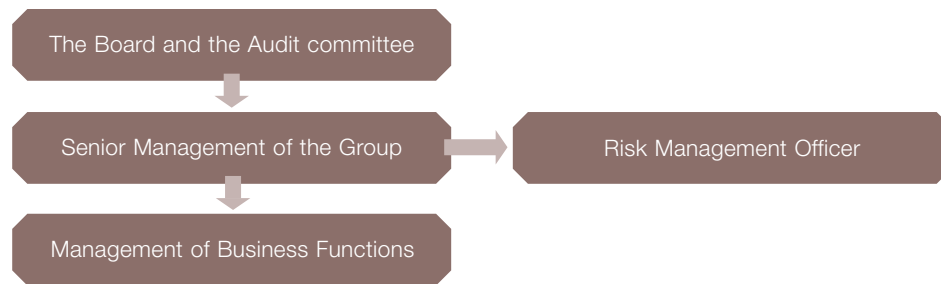
Risk management and internal control systems

The Group's risk management organisational structure is a 3-tier framework, comprising of the Board and the Audit Committee, senior management of the Group and management of business functions. This structure aims at facilitating the risk management in each aspect of the Group's businesses and constantly improving its internal control system. Details of the structure are set out as follows:

Corporate Governance Report

For the year ended 31 December 2024

Risk Management Structure



Roles performed by parties at all levels within the risk management structure are set out below:

Role	Major Responsibilities
The Board and the Audit Committee	- Reviewing plans for the establishment and responsibilities of the risk management structure and reviewing the basic policies for risk management - Reviewing the Risk Management Operation Manual and its amendment - Reviewing material risk assessment report and various risk management reports - Responsible for the assessment of various material risks faced by the Group and its current risk management status - Reviewing risk management measures, and rectifying and dealing with decisions or actions made or taken by relevant organisations or individuals beyond the risk management system - Dealing with other important matters involving risk management
Senior Management of the Group	- Reporting to the Board and the Audit Committee on the effectiveness of risk assessment work - Organising and promoting the establishment of the risk management system at the intragroup level - Organising and coordinating the subsidiaries to engage in identifying and assessing material risks at the intragroup level along with overview analyses over information collected from the above engagement to prepare assessment reports on material intragroup risks and various risk management reports, and reporting such information to the Board and the Audit Committee - Managing risks at the intragroup level, and studying and proposing relevant measures and proposals for the management of material risks at the intragroup level - Overseeing the cultivation of the Group's general risk management culture

Corporate Governance Report

For the year ended 31 December 2024

Role	Major Responsibilities
Risk Management Officer	- Coordinating and arranging matters related to risk assessment and countermeasures - Promoting risk management and risk assessment - Overseeing the establishment and implementation of risk mitigation plans and countermeasures of each business department
Management of Business Functions	- Taking ultimate responsibility for risk assessment of their own business function - Ensuring that the business function engages in risk assessment in compliance with the Risk Management Operation Manual prepared by the Group - Reviewing and approving risk assessment results - Reviewing countermeasures for risk exposure, and ensuring effective risk management of the Company - Monitoring the major risks faced by the Company and the effectiveness of relevant risk management measures - Allocating resources to risk assessment projects (including fund and personnel)

The Group has prepared the *Risk Management Operation Manual*, which defines its risk management structure, respective responsibilities and processes. In each financial year, the Group conducts an annual risk assessment to identify potential strategic risks, operational risks, financial risks and compliance risks of its major business, and ranks relevant risks in terms of their level of impact and chance of occurrence for the purpose of assessing existing risk management measures and determining whether further measures are required to control risks within acceptable level.

Based on the risk assessment results and following a risk based approach, an internal audit plan was proposed which prioritised the risks identified into annual audit projects. An annual internal audit project was performed by the external consultant according to the internal audit plan with a view to assisting the Board and the Audit Committee to evaluate the effectiveness of the Group's risk management and internal control systems.

The Audit Committee reviews the effectiveness and adequacy of the system on an annual basis. The Group conducts internal reviews on the design and implementation effectiveness of business processes or controls and submits reports on significant findings in internal control to the Audit Committee on an annual basis. For the identified defects in internal control, the Group conducts rectification and reports the rectification status to the Audit Committee and to the Board for further discussion.

The Group has an independent internal audit function, which reports to the Audit Committee regularly. The internal audit function is responsible for reviewing the Group's risk management and internal control measures, and overseeing the management and control of each of the Group's businesses and processes independently, through which the internal audit function assists the Board in promoting the continuous improvement of the Group's risk management and internal control systems. The Group has reviewed an internal audit charter to ensure it has defined the scope, duties and responsibilities of the internal audit function and its reporting protocol. The Group has clarified the definition of insider information and specified the procedures for the handling and dissemination of insider information. The Group discloses information to the public generally and non-exclusively through channels including financial reports, announcements and its website, with a view to achieving fair and timely disclosure of information. The Group strictly prohibits unauthorised use of confidential or insider information.

Corporate Governance Report

For the year ended 31 December 2024

Review on the risk management and internal control systems in 2024

The Board is responsible for reviewing the effectiveness of the risk management and internal control systems on an annual basis. The review covers all material aspects of control, including strategical, financial, operational and compliance controls. During the year under review, the Board has completed its review on the Group's risk management and internal control systems through the Audit Committee. The review also covers the adequacy of resources, staff qualifications and experiences, training programmes for staff and relevant budgets for the Group's accounting, internal audit and financial reporting functions as well as those relating to the Company's environmental, social and governance performance and reporting. The Board is satisfied with the results of the review and believes that the current risk management and internal control systems are effective and adequate.

(n) Company secretary

Mr. Siu Man On ("Mr. Siu") is a company secretary of the Company, who is a part time employee of the Company. Mr. Siu confirmed that he has taken no less than 15 hours of relevant professional training during the year under review.

The company secretary is responsible to report to the Board chairman and/or the CEO.

All Directors have access to the advice and services of the company secretary and ensured that board procedures, and all applicable law, rules and regulations, are followed.

(o) Shareholders' rights

The Company encourages two-way communications with both institutional and private investors. Extensive information about the Company's activities is provided in its annual reports and interim reports, which are sent to Shareholders. Shareholders should direct their questions about their shareholdings to the Company's Share Registrar and may at any time make enquiry to the Board or make request for the Company's information to the extent such information is publicly available at the Company's principal office and/or branch office in Hong Kong. Based on the above, the Company is of the view that the shareholders' communication policy of the Company and the implementation thereof during the year under review was adequate and effective.

(i) Procedure for shareholders to convene an extraordinary general meeting

In accordance with Article 72 of the Company's Articles of Association, general meetings may be convened on the written requisition of any two members of the Company deposited at the registered office specifying the objects of the meeting and signed by the requisitionists and such meeting shall be held two (2) months after the deposit of such requisition, and if the Directors do not within twenty-one days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors shall be reimbursed to them by the Company.

For each substantially separate issue at a general meeting, a separate resolution is proposed by the chairman of that meeting. The Company will avoid "bundling" resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

(ii) Procedure for shareholders to put forward proposals at shareholders' meetings

There are no provisions in the Company's Articles of Association or the Companies Law of the Cayman Islands for Shareholders to put forward new resolutions at general meetings. Shareholders who wish to put forward a new resolution may request the Company to convene a general meeting in accordance with the procedures set out in the above paragraph heading "Procedures for Shareholders to Convene an Extraordinary General Meeting".

Corporate Governance Report

For the year ended 31 December 2024

(o) Shareholders' rights (*cont'd*)

- (iii) Procedure for shareholders to nominate a person to stand for election as a Director

If a Shareholder wishes to nominate a person to stand for election as a Director at a general meeting, the relevant documents must be validly served on the principal office of the Company within the requisite period of time. The full details of the procedures for Shareholders to propose a person for election as a Director were posted on 30 March 2012 on the website of the Hong Kong Stock Exchange and the Company's third-party hosted website at <http://aplushk.com/clients/00557ChinaTianYuan>.

- (iv) Poll

The chairman of a general meeting should ensure that an explanation is provided of the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll.

(p) Investor relations

There is no change to the Company's constitutional documents during the year under review. For details in relation to the Company's shareholders' communication policy, please refer to the section headed "(o) Shareholders' rights" above.

(q) Dividend policy

The proposal of payment and the amount of the dividends will be made at the discretion of the Board and will depend on the Group's general business condition and strategies, cash flows, financial results and capital requirements, the market situation from time to time, taxation conditions, the interests of the shareholders of the Company, statutory and regulatory restrictions and other factors that the Board deems relevant. Any declaration of dividends will be subject to the approval of the shareholders of the Company.

The Dividend Policy will be reviewed from time to time which should not form a commitment on distribution of dividends to the shareholders of the Company and there is no assurance that dividends will be paid in any particular amount for any given period.

There is no arrangement under which a shareholder has waived or agreed to waive any dividends.

(r) Amendments to the Articles of Association of the Company

There is no significant changes to the Articles of Association during the year under review.

Directors' Report

For the year ended 31 December 2024

The Directors submit herewith their annual report together with the audited financial statements for the year ended 31 December 2024.

PRINCIPAL PLACE OF BUSINESS

China Tian Yuan Healthcare Group Limited (the "Company") is a company incorporated in the Cayman Islands and domiciled in Hong Kong. Its registered office is at P.O. Box 309, Grand Cayman, Cayman Islands, British West Indies and the principal place of business in Hong Kong is at 11/F., 80 Gloucester Road, Wanchai, Hong Kong.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company comprise those of investment holding.

The principal activities and other particulars of the subsidiaries are set out in note 29 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries (the "Group") during the financial year are set out in note 13 to the financial statements.

Further discussions and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Business Review section set out on pages 7 to 10 of the annual report. The discussion forms part of this directors' report.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the Group's sales of goods/rendering of services and purchases/service rendered attributable to the major customers and suppliers respectively during the financial year is as follows:

	Percentage of the Group's total	
	Revenue of	
	Sales of	
	goods/	
	Rendering	Purchases/
	of services	Service
		rendered
The largest customer	7%	
Five largest customers in aggregate	36%	
The largest supplier		4%
Five largest suppliers in aggregate		14%

Saved as disclosed herein, at no time during the year under review have the Directors, their associates or any Shareholder of the Company (which to the knowledge of the Directors own more than 5% of the number of issued shares (excluding treasury shares) of the Company) had any interest in the Group's five largest customers and suppliers.

RECOMMENDED DIVIDEND

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

Directors' Report

For the year ended 31 December 2024

CHARITABLE DONATIONS

The Group made charitable donations of US\$45,018 during the year (2023: HK\$Nil).

SHARE CAPITAL

The Company did not issue any shares during the year.

DEBENTURE

The Company did not issue any debenture during the year.

RESERVES

Details of the movements in the reserves of the Group during the year are shown in the consolidated statement of changes in equity on pages 63 to 64.

DISTRIBUTABLE RESERVES

Details of the movements in the distributable reserves of the Group during the year are shown in the consolidated statement of changes in equity on pages 63 to 64.

SHARE AWARD SCHEME

The Company does not have any share award scheme.

SHARE OPTION SCHEME

The Company does not have any share option scheme.

DIRECTORS

The Directors of the Company during the financial year and up to the date of this annual report were as follows:

Executive Director

Ms. Dong Wei, Chairman

Non-executive Director

Ms. He Mei

Independent non-executive Directors

Mr. Yuen Kwok Kuen

Ms. Zhou Siqi

Mr. Li Jun

In accordance with Article 116 of the Articles of Association of the Company, one third of the present Directors will retire from office by rotation at the forthcoming Annual General Meeting. Ms. Dong Wei and Mr. Li Jun shall retire from office by rotation at the forthcoming Annual General Meeting and, being eligible, has offered themselves for re-election.

At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot.

Directors' Report

For the year ended 31 December 2024

PROFILE ON DIRECTORS AND SENIOR MANAGEMENT

Directors

Ms. Dong Wei, aged 31

Chairman, Executive Director and Chief Executive Officer

Ms. Dong Wei ("Ms. Dong") was appointed as executive Director of the Company with effect from 30 December 2021. On 19 January 2022, Ms. Dong was appointed as Chief Executive Officer and member of the Remuneration Committee of the Company. On 4 November 2022, Ms. Dong was appointed as Acting Chairman and member of the Nomination Committee of the Company.

Ms. Dong obtained a bachelor degree in Marketing from Anglia Ruskin University, United Kingdom in 2016.

Ms. Dong joined the Group in July 2021 and served as the director assistant of the Company, during which she has been responsible for assisting the directors with planning and implementing strategies before appointing as a Director. Ms. Dong served as assistant manager of human resources department of China Huarong Asset Management Co., Ltd., which is listed on the Hong Kong Stock Exchange (Stock Code: 2799) from June 2017 to February 2019. From February 2019 to July 2021, Ms. Dong served as administrative manager of international trade department in Beijing Tianyuan Manganese Industry Co., Ltd. (北京天元錳業有限公司). Ms. Dong is a daughter of Mr. Jia Tianjiang (being the controlling shareholder of the Company).

Save as disclosed above, Ms. Dong did not hold any other directorships in listed public companies in the last three years.

Ms. He Mei, aged 39

Non-executive Director

Ms. He Mei ("Ms. He") was appointed as a non-executive Director of the Company with effect from 19 July 2019.

Ms. He obtained a bachelor's degree in finance from the University of International Business and Economics (China) in 2007 and completed a postgraduate study in economic law at China University of Political Science and Law in 2013. She is a certified public accountant in China. Ms. He has over 15 years of experience in auditing, asset management, investment project risk management and financing institution operation and management services.

Ms. He did not hold any other directorships in listed public companies in the last three years.

Directors' Report

For the year ended 31 December 2024

Mr. Yuen Kwok Kuen, *aged 51*
Independent non-executive Director

Mr. Yuen Kwok Kuen ("Mr. Yuen") was appointed as an independent non-executive Director of the Company with effect from 19 August 2016. On 9 September 2016, Mr. Yuen was appointed as the Chairman of the Audit Committee and members of the Nomination Committee and Remuneration Committee of the Company.

Mr. Yuen obtained the Bachelor of Business from Monash University (Australia) in 1998 and is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and the CPA Australia respectively. Mr. Yuen has over 20 years of experience in audit, tax, initial public offering, mergers and acquisitions and corporate services. Mr. Yuen was the company secretary of Shenzhou Space Park Group Limited (formerly known as China Household Holdings Limited), which was listed on the Hong Kong Stock Exchange (Stock Code: 692) and delisted on 10 December 2019.

Saved as disclosed herein, Mr. Yuen did not hold any other directorships in listed public companies in the last three years.

Ms. Zhou Siqi, *aged 39*
Independent non-executive Director

Ms. Zhou Siqi was appointed as an independent non-executive Director of the Company with effect from 5 May 2022. On 28 June 2022, Ms. Zhou was appointed as the Chairman of the Nomination Committee and members of the Audit Committee and Remuneration Committee of the Company.

Ms. Zhou is currently the director of the management committee of Shenzhen Happiness and Harmony Inheritance Service Center* (深圳市幸福和諧繼承服務中心), a 5A-level social organization in Shenzhen. She is the person in charge mainly responsible for the daily management and operation. Prior to joining Shenzhen Happiness and Harmony Inheritance Service Center, Ms. Zhou had over 9 years of working experience in Guangdong Jiadesan Lawyer's Co* (廣東嘉得信律師事務所).

Ms. Zhou did not hold any other directorships in listed public companies in the last three years.

Mr. Li Jun, *aged 39*
Independent non-executive Director

Mr. Li Jun was appointed as an independent non-executive Director of the Company with effect from 15 July 2022. On 15 July 2022, Mr. Li was appointed as the Chairman of the Remuneration Committee and members of the Nomination Committee and Audit Committee of the Company.

Mr. Li is currently the chief financial officer of a wholesale, retail and trading company, and is fully responsible for finance and taxation management of the company. Mr. Li has been engaged in financial work in industries such as logistics transportation, advertisement and marketing as well as community services for 14 years and has accumulated extensive experience in finance and taxation.

Mr. Li did not hold any other directorships in listed public companies in the last three years.

Directors' Report

For the year ended 31 December 2024

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2024, none of the Directors and chief executives of the Company was interested in or had a short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2024, so far as is known to any Directors or the chief executives of the Company, the following persons (excluding the Directors and the chief executives of the Company) were interested in 5% or more of the issued share capital of the Company which would fall to be disclosed 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:

Name of Shareholder	Capacity/Nature of Interest	Number of Shares Held	Approximate Percentage Holding of issued share capital of the Company
Dong Jufeng (Note)	Interest of spouse/ Family interest	266,069,294	66.69%
Jia Tianjiang (Note)	Interest of controlled corporation/ Corporate interest	266,069,294	66.69%
Tian Yuan Manganese Limited (Note)	Beneficial owner/ Beneficial interest	249,539,294	62.54%
	Person having security interest in shares	16,530,000	4.14%
Ningxia Tianyuan Manganese Industry Group Co., Ltd. (Note)	Interest of controlled corporation/ Corporate interest	266,069,294	66.69%

Note: Tian Yuan Manganese Limited is a wholly owned subsidiary of Ningxia Tianyuan Manganese Industry Group Co., Ltd.* (寧夏天元錳業集團有限公司), a corporation controlled by Mr. Jia Tianjiang. By virtue of the SFO, Ningxia Tianyuan Manganese Industry Group Co., Ltd., Mr. Jia Tianjiang and his spouse, Ms. Dong Jufeng, are deemed to be interested in the 266,069,294 shares of the Company of which Tian Yuan Manganese Limited is interested in.

Save as stated above, no person (excluding the Directors and the chief executives of the Company) was interested in or had a short position in the shares or underlying shares of the Company which would fall to be disclosed 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 as at 31 December 2024.

Directors' Report

For the year ended 31 December 2024

INDEMNITY OF DIRECTORS

Pursuant to the Articles of Association, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, and no Director or other officer shall be liable for any loss, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his/her office or in relation thereto. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed herein, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company or an entity connected with a Director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the year was the Company or any of its holding company, subsidiaries or fellow subsidiaries, a party to any arrangements to enable any Director of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

CONTROLLING SHAREHOLDERS' INTEREST

Save as disclosed herein, apart from transactions carried out in the normal course of business, there were no contracts of significance between the Company or any of its subsidiaries and a controlling Shareholder or any of its subsidiaries or any contracts of any significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Group did not have connected transactions and continuing connected transactions that are discloseable or otherwise not fully exempt under Chapter 14A of the Listing Rules as at 31 December 2024.

OTHER RELATED PARTY TRANSACTIONS

During the year under review, save as disclosed in the section headed Connected Transactions and Continuing Connected Transactions on page 28 of this annual report, other material related party transactions are set out in note 33 to the financial statements, which either fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules and are fully exempted under the Listing Rules or does not fall into the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of its connected transactions or continuing connected transactions for the year under review.

Directors' Report

For the year ended 31 December 2024

DISCLOSURE UNDER RULE 13.20 OF THE LISTING RULES

The Group had granted facilities to independent third parties and remained outstanding as at 31 December 2024, which is required to be included in this annual report in accordance with Rule 13.20 of the Listing Rules. The summarized information on the facility as at 31 December 2024 is set out as below:

	Facility Agreement A
Date of facility agreement	12 November 2018 (as supplemented by the supplemental deed dated 12 November 2019) (the "Amended Facility Agreement A")
Borrower	Lead Dragon Limited
Guarantor(s)	Mr. Li Ming & Mr. Zhang Shihong
Principal	US\$13,000,000
Interest rate	(a) 12% per annum starting from and including 12 November 2018 up to and including 11 November 2019; and (b) 18.5% per annum starting from and including 12 November 2019 up to and including 12 February 2020.
Term	15 months from the date of facility agreement (i.e. 12 February 2020)
Default interest	20% per annum
Guarantee	Personal guarantees provided by Mr. Li Ming and Mr. Zhang Shihong the guarantors in favour of the Company to secure the obligations of the Borrower (as regards Mr. Zhang Shihong's obligations, subject to certain limitations as disclosed in the announcement of the Company dated 4 April 2018)
Security	The second legal charge over a residential property in Hong Kong charged by Mr. Li Ming in favour of the Company, subject to the existing first mortgage over the said residential property and the second legal charge over a residential property in Hong Kong charged by Mr. Zhang Shihong in favour of the Company, subject to the existing first mortgage over the said residential property and subject however to certain limitations (note 1)

Note 1: On 17 January 2020, Mr. Li Ming, as chargor, and Zhuhai Hengqin Tianyuan Medical Management Company Limited* (珠海橫琴天醫醫療管理有限公司) (the **"PRC Subsidiary"**), a wholly-owned subsidiary of the Company, as chargee, entered into an agreement of legal charge (the **"PRC Legal Charge"**), pursuant to which Mr. Li Ming charged five properties located in Beijing, the PRC, owned by him in favour of the PRC Subsidiary as security for the due payment of all obligations and liabilities due, owing or incurred by the Borrower to the Company under the Amended Facility Agreement A. On 5 March 2020, Lead Dragon Limited, through its PRC agent, paid a sum of RMB16,000,000 (equivalent to approximately HK\$17,600,000) to the PRC Subsidiary as partial repayment of the facility under the Amended Facility Agreement A. On 6 March 2020, Mr. Li Ming paid a sum of HK\$33,000,000 to the Company as partial repayment of the facility under the Amended Facility Agreement A (the **"Partial Repayment"**). Since the sum of Partial Repayment is not lower than the estimated market value of Mr. Li Ming's residential property in Hong Kong (the **"Property"**) as secured under the second legal charge as at 4 March 2020 (after deduction of approximately HK\$11,076,000 of the liability secured under the existing first mortgage on the Property as at 6 December 2019), the Company entered into a deed of partial release to release the second legal charge over the Property charged by Mr. Li Ming in favour of the Company (the **"Partial Release"**). Further details in relation to the PRC Legal Charge, the Partial Repayment and the Partial Release are set out in the announcements of the Company dated 17 February 2020, 21 February 2020 and 16 March 2020.

Directors' Report

For the year ended 31 December 2024

In order to recover the outstanding amount of the facility, the Company has commenced bankruptcy proceedings against Mr. Li Ming on 2 July 2021, and subsequently, bankruptcy order has then been granted against Mr. Li Ming on 19 April 2022. A Proof of debt was submitted on 19 May 2022, and the total amount of claim (including any outstanding uncapped interest as at the date of bankruptcy order) was approximately USD12,000,000. The Official Receiver was appointed as the trustee of the property and estate of the Bankrupt (the **"Trustee"**). On 25 November 2022, the Trustee adjudicated the Company's proof of debt and declared that a sum of approximately HK\$95,000,000 was admitted as the petitioner's claim. Subsequently, on 20 January 2023, the Trustee distributed a sum of approximately HK\$2,000 as first and final dividend to the Company.

On 29 March 2018, Mr. Zhang Shihong (張士宏), as 2nd named Mortgagor, and the Company, as Lender, entered into an agreement of Second Legal Charge, pursuant to which Mr. Zhang Shihong charged a property and of and in the messuages erection and buildings thereon together with the sole and exclusive right and privilege to hold use occupy and enjoy a department of the estate (the **"Property"**) to the Company as security for due repayment to the Company of all sums of monies, obligations and liabilities due payable by Mr. Zhang Shihong to the Company in respect of the credit/loan/facilities/loan granted or to be granted by the Company to Mr. Zhang Shihong.

On 12 February 2020, Lead Dragon Limited, the Borrower, had made default in the payment of the payables under the Loan Agreements. An event of default under the Second Legal Charge had thus occurred. The Company is therefore entitled to enter into and take possession of the Property pursuant to the Second Legal Charge.

In addition, the Company has commenced an action against Mr. Zhang Shihong (**"2nd Guarantor"**) for an order for possession of a pledged property and served the Originating Summons dated 9 January 2024 on the 2nd Guarantor on 10 January 2024. The legal proceedings are still on-going and a date for substantive hearing has yet been fixed.

SERVICE CONTRACTS OF DIRECTORS

Each executive Director has entered into a service agreement with the Company for a specific term of 2 years, subject to retirement by rotation according to the Articles of Association of the Company.

Each non-executive Director and independent non-executive Director has entered into an appointment letter with the Company for a specific term of 2 years, subject to retirement by rotation according to the Articles of Association of the Company.

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

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.

PRE-EMPTIVE RIGHTS

Under present Cayman Islands laws and the Articles of Association of the Company, no pre-emptive rights are imposed which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year.

Directors' Report

For the year ended 31 December 2024

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors as at the date of this annual report, the Directors confirm that the Company has maintained the amount of public float as required under the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this annual report, none of the Directors or their respective close associates had interests in businesses which compete or are likely to compete either directly or indirectly with the businesses of the Group as are required to be disclosed pursuant to the Listing Rules.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's shares.

PLEDGE OF ASSETS

At 31 December 2024, property, plant and equipment of the Group with a carrying amount of HK\$nil (2023: HK\$nil) were pledged as security to secure bank loans.

EXCHANGE RATES AND RELATED HEDGES

A discussion on the Company's exposure to fluctuations in exchange rates and any related hedges is set out in note 32(d) to the financial statements.

CONTINGENT LIABILITIES

The Group did not have significant contingent liabilities as at 31 December 2024.

EQUITY-LINKED AGREEMENT

The Company has not entered into any equity-linked agreement during the year or there was not any subsisting equity-linked agreement entered into by the Company at the end of the reporting year.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

Directors' Report

For the year ended 31 December 2024

AUDITORS

The consolidated financial statements for the year ended 31 December 2024 have been audited by Crowe (HK) CPA Limited. Crowe (HK) CPA Limited will retire and, being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting of the Company. A resolution for the re-appointment of Crowe (HK) CPA Limited as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

DONG WEI

Chairman

28 March 2025

Environmental, Social and Governance Report

ABOUT THIS REPORT

China Tian Yuan Healthcare Group Limited (the “Company”) is pleased to release its Environmental, Social and Governance (“ESG”) report (“this report”). This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix C2 (the “ESG Reporting Guide”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) in compliance with the mandatory disclosure requirements and the “comply or explain” provisions. This report summarizes the management approaches, practices and performance in supporting sustainable development of its business operation and focusing on our efforts around our ESG issues, as well as adhering to the ESG reporting principles of materiality, quantitative, balance and consistency. This report covers the financial year from 1 January 2024 to 31 December 2024 (the “Reporting Period” or “2024”).

Our ESG Management Structure

The Company has implemented a top-down management approach for ESG management and has developed appropriate and effective ESG management systems and processes. The board (the “Board”) of directors (the “Directors”) is responsible for the determination of the ESG strategy of the Company and its subsidiaries (the “Group” or “we”), assessing the ESG risks and opportunities as well as the oversight of the Group’s overall ESG performance, including environmental management issues, labor practices and other ESG aspects. The management of the Group is responsible for the execution of ESG management, the collection of relevant ESG data and the preparation of the ESG report. The Group maintains effective communication with stakeholders through daily operations to understand and identify their needs, expectations and concerns regarding ESG matters of the Group, so that the importance of each ESG area can be assessed and long-term development approaches and strategies can be formulated. The Board reviews and approves the ESG report annually to ensure all material issues and their impacts on sustainable development are fairly presented. The Board will continue to oversee the work on ESG-related issues, regularly assess ESG-related risks and set targets for mitigating ESG risks and closely follow the latest ESG disclosure requirements of the Hong Kong Stock Exchange. In the future, we will conduct progress reviews against the Group’s ESG-related targets to monitor and improve our sustainability efforts.

Reporting Principles

The Group adheres to the four fundamental reporting principles set out in the ESG Reporting Guide for the preparation of this report:

Reporting Principles	The Group’s application
Materiality	The Group identifies material environmental and social issues through an analysis of the written and oral comments submitted by members of the management team, and submits the identification result to the Board. The material issues identified during the Reporting Period are similar to those identified in the previous reporting period.
Quantitative	The Group records and discloses KPIs in quantitative terms as appropriate for evaluation and validation of the effectiveness of ESG policies and measures.
Balance	This report discloses information in an objective manner, providing stakeholders with an unbiased picture of the Group’s overall ESG performance.
Consistency	As far as practicable and unless stated otherwise, the Group applies consistent measurement methodology to allow for meaningful comparison of ESG performance over time. Any changes in methods or KPIs used will be disclosed.

Environmental, Social and Governance Report

Reporting Scope and Boundary

We are principally engaged in investment holding, the provision of procurement, marketing, management services to healthcare industry, the provision of relevant procurement services to the hospitality industry, licensing of trademark, and the provision of money lending and related business during the Reporting Period.

The scope of this report is determined by the significance of each of the business segment to the Group and the extent of their impact on the environment and society during the Reporting Period. The Group's information has been set out in this Annual Report in greater details. Considering the relevant low environmental and social impact of the investment holding, money lending and related business segments and that the hotel business had no actual operations during the Reporting Period, unless otherwise indicated, the scope of reporting and the information of analysis on this report covers our plastic surgery business ("Aesthetic Medical Services") in a medical aesthetic hospital in Shanghai of ours ("Shanghai Hospital") and the day-to-day administrative operations at our office in Hong Kong ("Hong Kong Office"). The scope of this report remains the same with that of the ESG report for the year ended 31 December 2023 (the "Prior Year" or "2023").

The Group continued to implement our commitment as a responsible corporation by making progresses in environment protection, sustainable development and caring for the community. We achieved the commitment with upholding the core value of the Group – to "Serve and Give Back to Community" through cooperating with our key stakeholders and partners. Led by our implementation of social responsibility programs, we focus especially on sustainability, the environment and society.

Stakeholder Engagement and Materiality Assessment

Ongoing communication with stakeholders is crucial to the success of the Group's operations. By communicating with stakeholders, the Group will better position itself to understand and meet their needs, concerns and expectations relevant to our business operation for formulating the ESG strategies and identify improvement opportunities in ESG management. Taking consideration into stakeholders' opinions allows the Group to contribute to a more sustainable future. During the Reporting Period, the Group engaged its key stakeholders via several communication channels to gauge their opinions and feedback and strive to improve constantly.

Stakeholders Group	Mode of Engagement	Areas of needs, concern and expectation
Employees	The Group communicates with employees through performance appraisal to support employees' career development, whereas employees are encouraged to communicate with their supervisors regarding their job duties and support needed.	- Salaries and benefits - Healthy and safe working environment - Training and Development
Customers	Frontline employees engage dialogue with customers on a daily basis to obtain feedback on their services. Customer service and hotline have also been established for customers to express their concerns and feedback.	- Quality service - Medical safety - Business integrity - Prompt resolution of inquiries and complaints
Investors and Shareholders	Shareholders' meetings are held regularly to provide investors and shareholders with updates and performance of the Group. The Group gathers their feedback and holds meetings, workshops and other communicative events across daily operation. Important information is disseminated through financial reports, ESG reports, company's website, press releases, announcements and other disclosure documents.	- Return on investment - Enhance company value - Information transparency and effective communication - Corporate governance and integrity

Environmental, Social and Governance Report

Stakeholders Group	Mode of Engagement	Areas of needs, concern and expectation
Suppliers	The Group performs suppliers' capability assessment through comparison of prices and evaluation system. The Group also communicates with suppliers in order to strengthen partnership.	• Business integrity • Fair and open tender selection • Steady cooperation
Government and Regulators	The Group keeps close communication with relevant government departments. When there is any breach or non-compliance with relevant laws and regulations, the Group will immediately report to the relevant government departments.	• Compliance with laws and regulations • Environmental and social responsibility • Corporate governance and integrity
Community	The Group participates in community events to better understand the needs of the community and to support in community development.	• Information disclosure and transparency • Environmental and social responsibility

The Group understands the importance of stakeholders to the development of our business. Their involvement helps us to identify ESG issues which the stakeholders concern about. Together with the analysis of written and oral comments and responses submitted by members of the Group's management team, material environmental and social issues were identified. The Group identified occupational health and safety, product and service quality management and operational compliance in the Aesthetic Medical Services as key ESG areas of concern for the Group during the Reporting Period. The results were presented to the Board to confirm the materiality of the ESG issues for the Reporting Period.

EMISSIONS

Due to the nature of our business, our operations did not generate any significant industrial exhaust gases or discharges into water and land. The Group only generated a small amount of air pollutants and waste, mainly include driving emissions, indirect emission of greenhouse gas from electricity consumption (e.g. carbon dioxide emissions), and medical waste from Aesthetic Medical Services during the daily operations of our Shanghai Hospital and Hong Kong Office. Electricity consumption was the major source of pollutant emissions. The management consider that the environmental impact of emissions from operations is low and has no significant impact on the assessment and decision-making of the Group and/or stakeholders.

During the Reporting Period, the Group endeavored to fully comply with the relevant laws and regulations of the PRC and Hong Kong in relation to emissions of exhaust gases and greenhouse gases, discharges into water and land, and generation of hazardous and non-hazardous wastes, including but not limited to:

- Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》);
- Air Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國大氣污染防治法》);
- Water Pollution Prevention and Control Law of the People's Republic of China* (《中華人民共和國水污染防治法》);
- Regulations on the Administration of Medical Wastes* (《醫療廢物管理條例》);
- Measures for Medical Wastes Management of Medical and Health Institutions* (《醫療衛生機構醫療廢物管理辦法》);
- Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), etc.

* For identification purpose only.

Environmental, Social and Governance Report

During the Reporting Period, we were not aware of any violations of the laws and regulations relating to air emissions and greenhouse gases, discharges into water and land, or hazardous and non-hazardous wastes, which have a significant impact on the Group.

The Group understands that greenhouse gas emissions contribute to climate change and therefore the Group actively promoted the implementation of different emission reduction measures in its business operations to reduce its carbon footprint. We developed effective measurement system to record and to report of relevant data in line with our internal policies. We rolled out our developed tools for energy conservation such as energy audit, benchmarking and target setting in order to reduce specific energy consumption.

The hazardous and non-hazardous waste produced during the operations was handled in accordance with the applicable regulations and our internal procedures.

During the Reporting Period, the Group reduced emissions by various policies, which include but not limited to:

- promoting the use of cleaner energy and renewable energy;
- improving energy efficiency;
- raising customers' and employees' environmental protection awareness;
- promoting the utilization of teleconference and video conference technology to participate in meetings; and
- using public transportation as the preferred means of transport.

Types of Emission and Respective Emission Data

During the Reporting Period, the Group did not generate significant emissions and greenhouse gases in the course of its business operations. Most of the emissions and greenhouse gases were generated from the use of vehicles and the consumption of purchased electricity during operations.

The air pollutant emissions generated by the Group during the Reporting Period were as follows:

Types of emission	Emissions (g)	
	2024	2023
Sulfur dioxide (SO _x)	4.30	3.93
Nitrogen oxides (NO _x)	388.60	376.17
Particulate matter (PM)	28.61	27.70

There was a slight increase in the air pollutant emissions for the year 2024 compared with the Prior Year, which was due to the higher use of company vehicles of the Group during operations.

Environmental, Social and Governance Report

Shanghai Hospital has taken into account environmental factors in the selection and purchase of vehicles. On the basis of meeting operational needs, Shanghai Hospital selects models with relatively low emissions to minimize the resulting emissions of exhaust and greenhouse gases. In addition, Shanghai Hospital has formulated and implemented a vehicle management plan, such as prioritizing the use of smaller vehicles and rationalizing vehicle routes wherever practicable, so as to reduce fuel consumption.

Regular vehicle maintenance is carried out to ensure that all vehicles are in optimal condition to avoid unnecessary emissions. Besides, taking into consideration the demand for use and the condition of the vehicles, during the Reporting Period, the Group abandoned a company vehicle. It is believed that this could help reduce the emission of air pollutant in the future.

Total Greenhouse Gas Emissions

Direct emissions of greenhouse gases from energy were mainly from the use of vehicles, and the major source of indirect emissions of greenhouse gases was electricity consumption. The emissions of greenhouse gases generated by Shanghai Hospital and Hong Kong Office of the Group during the Reporting Period are as follows:

Greenhouse gas emissions	Emission source	Emissions (kg)	
		2024	2023
Carbon dioxide (CO ₂)	Purchased electricity consumption	154,299.05	331,212.55
	Use of vehicle fuel	690.13	630.66
Methane (CH ₄)	Use of vehicle fuel	2.07	1.89
Nitrous oxide (N ₂ O)	Use of vehicle fuel	85.63	78.25
Total		155,076.89	331,923.35

During the Reporting Period, the electricity consumption declined significantly, resulting in drastic decrease in the total emission of greenhouse gas as compared with the Prior Year. The declined electricity consumption was due to the drop of customer flow, therefore, the Group's commercial activities decreased. In addition, in order to save cost, the Group closed part of the projects and space to decrease electricity consumption.

The other indirect emission produced from processing fresh water and sewage by government departments are minimal and therefore we do not disclose relevant data.

We have strived to reduce greenhouse gas emission and have established emission reduction targets and policies, which have been implemented during our daily operations so as to achieve our targets. The measures employed for reducing emissions are disclosed in the section "Electricity Consumption" below.

Waste Management

The Group generated different kinds of hazardous waste and non-hazardous waste in the course of medical beauty treatment. In order to reduce the environmental impact caused by wastes, the Group has set targets for waste reduction, including the implementation of waste reduction at source to reduce the amount of waste and safe recycling of hazardous waste. To address our waste reduction target, the Group have adopted appropriate waste discharge management measures.

Environmental, Social and Governance Report

Hazardous wastes are various types of medical wastes generated by the Group's Aesthetic Medical Services in Shanghai, which will be categorized mainly into infectious medical wastes and harmful medical wastes, such as needles, cotton pads, bandages and other dressings for wounds, used medical disposables and devices, blood and serum wastes etc. The Group have strictly complied with the relevant laws and regulations, including the Regulations on the Administration of Medical Wastes* (《醫療廢物管理條例》) and the Measures for Medical Waste Management of Medical and Health Institutions* (《醫療衛生機構醫療廢物管理辦法》), and the medical wastes have been treated properly. We have enacted the Medical Waste Management System and Operation Process (《醫療廢物管理制度及操作流程》) and require the medical personnel of various wards in the hospital to categorize the medical wastes, and use specific packaging materials or containers to collect, seal off and label them with the medical waste collection stickers, and then deliver them to the temporary storage area for medical wastes. The hospital will transfer the medical wastes to qualified medical waste collector units regularly for centralized disposal and keep the transfer receipts of hazardous wastes for record purpose to register the type, weight, disposal method, time of delivery and acceptance, and the ultimate destination of the medical wastes, so as to ensure that the hospital has safely recycled all clinical waste. Also, it is Shanghai Hospital's policy that in the event of loss, leakage, spread and accident, relevant emergency measures are required to be adopted accordingly and reporting must be timely made to the relevant government authority. The hospital has also enhanced the knowledge of all staff on medical waste management through the provision of regular trainings to strengthen their awareness on environmental protection and self-protection to prevent and control any hazardous impact of medical wastes on human health and environment.

In addition, the anesthetics used in the course of surgical operations have been duly registered on their usage quantity and the amount of disposal for record purpose in accordance with the national requirements on the administration of anesthetics, which will be disposed by pouring into the drainage pipes by physicians, pharmacists or nurses. During the year 2024, the volume of remainder liquids of anesthetics and narcotic drugs is 700.09 mg (2023: 7,973 mg). The volume of remainder liquids of anesthetics and narcotic drugs decreased significantly, which was primarily due to the decrease in business activities during the Reporting Period as compared with the Prior Year.

During the Reporting Period, the non-hazardous wastes generated by the Shanghai Hospital mainly included general solid wastes and waste paper. The management of the Group have strived to reduce the consumption of materials and the generation of the related wastes. Such non-hazardous wastes will be disposed of by us through collection, incineration or landfill methods. We cooperate with partners and suppliers in waste management, and choose recycling as much as possible to minimize the impact on environment.

We encourage double-side printing and promote reduction in conventional printing through digitization, and adopt certain measures to promote paperless operation, for example, disseminate internal communication through email and implement electronic office systems, and reuse and recover waste paper as far as possible to reduce paper consumption.

During the Reporting Period, the consumption of hazardous and non-hazardous wastes of the Group's principal business (namely, Aesthetic Medical Services) are set out below:

Wastes	Consumption (Kg)	
	2024	2023
Hazardous wastes		
Infectious medical wastes	1,115	2,268
Harmful medical wastes	110	185
Total	1,225	2,453
Non-hazardous wastes		
General garbage	16,500	21,900
Paper	137.50	375
Total	16,637.50	22,275

Environmental, Social and Governance Report

During the Reporting Period, both hazardous and non-hazardous waste decreased compared with 2023. Affected by a sluggish business environment, the amount of medical waste generated during the Reporting Period decreased in line with the decline in business volume. Additionally, due to significant personnel turnover during this period, the consumption of non-hazardous waste in daily operations also decreased. Shanghai Hospital actively promoted and implemented the digitization of business processes during the Reporting Period, while enhancing environmental protection awareness among employees in daily operations, thereby effectively reducing the consumption of non-hazardous waste.

During the Reporting Period, no hazardous wastes were generated and just a small quantity of non-hazardous wastes was generated by the Hong Kong Office. The management of the Group considered that there was no material impact on the environment due to a small amount of non-hazardous wastes generated from the Hong Kong Office, so no disclosure was made during the year.

The Group will continue to review the situation of each item of emission with the long-term goal of balancing business operations with emission control.

Use of Resources

The Group is committed to protecting and conserving resources to achieve environmental and operational efficiency. We have put in place a number of measures to improve energy efficiency, reduce paper consumption and water consumption with the aim of reducing resource consumption and improving energy efficiency. Our management will conduct regular reviews to monitor progress, reducing our operating costs and carbon footprint by actively monitor and manage resource usage. The Group continued to provide various types of training to enhance the awareness of staff on environmental protection, and adopted energy conservation policies in the hospital and the office.

The Group's major resources consumption is electricity consumption and water consumption.

Electricity Consumption

During the Reporting Period, our Hong Kong office relocated to a premise with larger area, therefore, the electricity consumption increased significantly compared with the Prior Year. The table below sets out the total consumption and density of electricity for the Reporting Period:

Electricity consumption	Unit	Shanghai Hospital		Hong Kong Office		Total	
		2024	2023	2024	2023	2024	2023
Consumption (A)	kwh	224,827	575,432	22,415	4,476	247,242	579,908
Area of business unit (B)	sq. ft.	45,323	45,323	2,500	1,000	47,823	46,323
Density (C = A/B)	kwh/sq. ft.	4.96	12.70	8.97	4.48	5.17	12.52

Environmental, Social and Governance Report

To realise its energy use efficiency targets, the Group has adopted various policies to reduce electricity consumption, including but not limited to:

- turning off electric appliances when they are not in use to save energy;
- cleaning and maintaining office equipment (such as air-conditioners) regularly to maintain energy efficiency;
- unplugging devices whenever possible to limit the flow of electricity;
- adjusting the indoor temperature to an average of between 24 and 26 Celsius degrees;
- replace halogen lighting with LED lighting;
- using efficient energy saving electrical appliances; and
- using of solar energy is encouraged in suitable common areas.

Water Resources Consumption

The water consumption and density of Shanghai Hospital during the Reporting Period are set out below:

Water Consumption	Unit	2024	2023
Consumption (A)	Tonnes	3,303	3,855
Area of business unit (B)	sq. ft.	45,323	45,323
Density (C = A/B)	tonnes/sq. ft.	0.07	0.09

During the Reporting Period, the Group considered that water consumption of the Hong Kong Office was immaterial to the Group, hence decided not to disclosure the relevant information.

During the Reporting Period, we have reviewed the programs implemented to reduce water consumption, which include, but not limited to:

- installing lower flow faucet and toilet fixtures and self-closing taps;
- putting up water saving slogans to remind staff on conserving water constantly; and
- checking water taps or water pipes regularly for any potential leakage conditions, if such condition has been discovered, the staff should report to the relevant department immediately.

During the Reporting Period, the management of the Group was not aware of any issues in sourcing water.

Resources Consumption – Packaging Materials

Due to the nature of the business, the Group's businesses were not involved in any packaging materials for finished products.

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Environmental and Natural Resources

The Group was aware that the use of resources by the medical beauty industry and its discharges (including gas emissions and waste discharges) will have some impact on the environment. For the long-term and sustainable development of our business, we are responsible for managing and minimizing the impact of our operations on the environment. To improve energy consumption, we have implemented a number of relevant and effective resources utilization and emission reduction measures, including measures on electricity consumption, treatment of medical disposables and wastes. For further details, please refer to the above sections of “Total Greenhouse Gas Emissions”, “Waste Management” and “Use of Resources”. Through the aforesaid measures, the Group is able to ensure the proper use of resources and minimize the impact of business operation on the environment.

Apart from emissions and use of resources as stated above, the business operations of the Group do not have material direct impact on the environment and natural resources.

Climate Changes

Global climate change not only has a negative impact on creatures and ecosystems, but also has far-reaching negative impacts on human life and economic trading. The Group has incorporated environmental, social and governance-related risks, such as climate risk, into the Group’s risk management system to identify and mitigate the risks that may affect the Group.

The Group identifies and assesses the impact of climate change in the context of our actual operations. As an aesthetic medical services provider, increased national requirements for environment-related regulations, stable supply chains and logistics for aesthetic drugs, environmentally friendly concepts for aesthetic techniques and equipment, and unpredictable or extreme weather events due to climate change may bring about changes in customers’ aesthetic preferences and affect the daily operations of the Group’s aesthetic medical business.

- Compliance of environmental laws and regulations: The Group strives to comply with environmental laws and regulations and continuously monitors the regulatory and operational environment to ensure that our services meet regulatory requirements and expectations, and thereby consistently maintaining the Group’s good reputation;
- Supply chain and logistics of aesthetic drugs: To reduce the impact of extreme weather and relevant policies on the logistics and quality of our supply chain, we continue to increase our supplier network, standardise various procurement processes and persistently urge suppliers to enhance their environmental protection performance so as to achieve supply chain stability. The monitoring of suppliers is described in the section “Supply Chain Management” below;
- Environmentally friendly concepts in aesthetic technology and equipment: We encourage the use of natural and zero-pollution raw materials in the production of beauty products and have adopted equipment and facilities that achieve efficient use of resources and energy conservation in the provision of beauty services. As the Group’s carbon emissions are mainly generated from the consumption of purchased electricity, we have formulated, and is actively promoting, our emissions reduction policy to encourage our staff to raise their awareness of environmental protection and to promote the principle of resource conservation among our staff in order to reduce the Group’s environmental impact and to address the risks posed by global climate change. For more information on our emissions reduction policy, please refer to the section “Resources Consumption” above; and
- Impact of extreme weathers: extreme weathers may cause negative impact on our employees and customers, and may also affect our business operations. We will actively respond to the relevant policies of local governments, make contingency plans and respond appropriately to extreme weather caused by climate change to ensure the safety of our customers and employees. In addition, we have put in place contingency plans and disaster preparedness plans to enhance our overall resilience to natural disasters and to ensure that we can deal with natural disaster emergencies in a timely and efficient manner and prevent climate crises head-on.

Environmental, Social and Governance Report

SOCIAL SUSTAINABILITY

The management of the Group believes that our culture unleashes strong drivers for achieving development with social equity. To embed the Group's spirit "Serve and Give Back" in our business activities enable us to deliver stakeholder value through innovative models that create livelihood opportunities and positive environmental footprint.

Community caring is an integral part of sustainability strategy. The corporate citizenship program was developed to combine our collective resources and leverage our skills to make a sustainable change to communities in need. Giving our employees the opportunity to volunteer in their communities fosters a sense of greater purpose and instills a deeper level of friendliness, which translates into a richer customer experience.

The Group fully recognizes the importance of social contribution and persistently shoulder its social responsibilities. During 2024, we donated USD45,018 (equivalent to approximately HK\$349,777) (2023: nil) to a charity fund established and registered in Shanghai, the PRC, which is dedicated to supporting children from disadvantaged families to recover from accidental injuries. Besides, we have also encouraged our staff to participate in various types of community charitable activities as a way of giving back to the community.

EMPLOYMENT

The management of the Group recognizes that the human capital is a vital element in preparing the Group for the future to enable ourselves to meet future opportunities and response the challenge. We strive to maintain a caring, fair and inclusive working environment to retain our employees.

The Group endeavored to abide by the relevant labor laws and regulations applicable to the employment of employees relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare in the places of business, including but not limited to the Labor Law of the People's Republic of China* (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》) and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) of Hong Kong, etc.

The Group had set up a comprehensive human resources management system and the Employee Handbook to manage the process of recruitment, promotion, dismissal, compensation and benefits of employees, which include contributions to the basic pension, medical, maternity, unemployment and occupational injury insurance and housing fund for its employees. Besides, employees are entitled to public holidays, personal leave, sick leave, marriage leave, maternity leave, funeral leave and annual leave as stipulated by the State. The compensation scheme of short notice dismissal was implemented to ensure that we strictly comply with the relevant regulations.

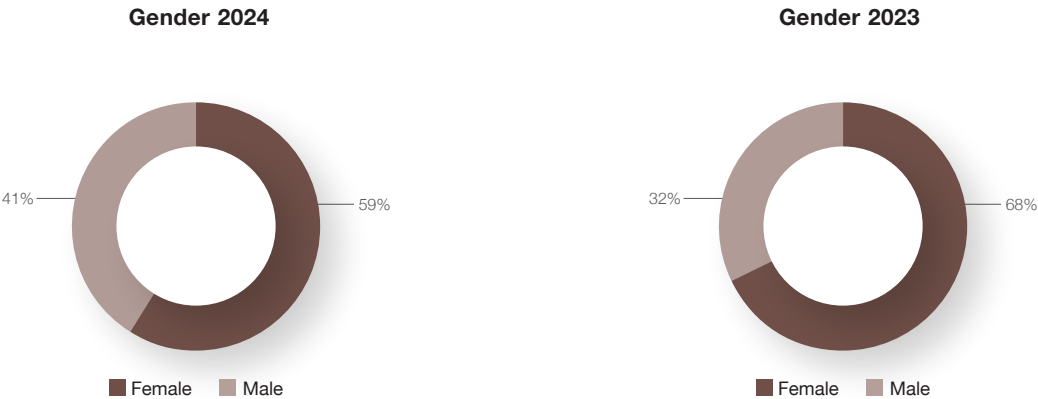
The management of the Group plays an active role to develop a comprehensive learning and development programs including the provision of tailored-made training programs for the specific departments and employees. We conducted annual performance appraisals with the aim of identifying employees with the development potential to take on roles in the future and adjusting their positions and salaries.

The Group's Policy on Diversity and Equal Opportunity focused on fostering meritocracy in the Group which promotes diversity and offers equal opportunity. The aim is to ensure that the practices are free from discrimination of applicant's race, color, religion, sex, national origin, marital status, sexual orientation, age, disability or any other characteristic, and to provide equal and fair promotion opportunities, training and benefits for employees.

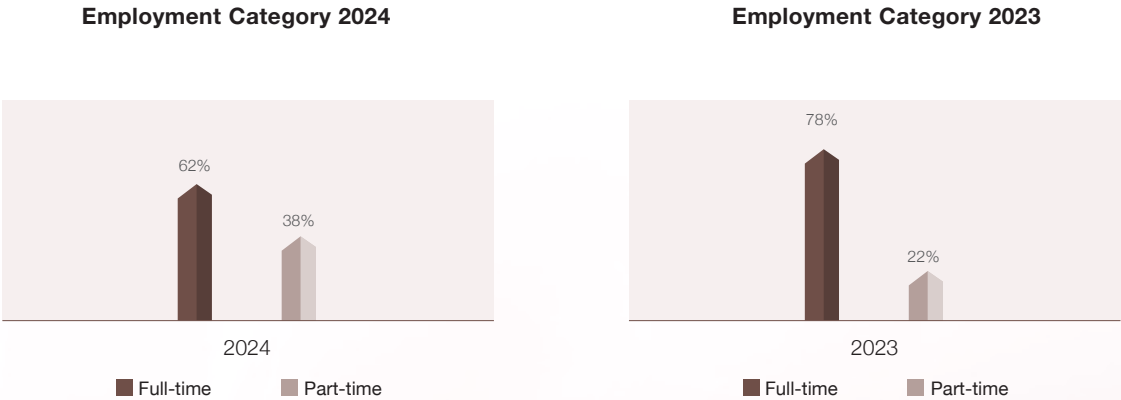
As at 31 December 2024, the Group had a total of 34 employees (2023: 59 employees). The decrease in the number of staff compared with that in 2023 was primarily due to the impact of the macro economic environment, which led to more frequent personnel turnover. The Group's management places great importance on employee stability and development, and has taken measures to actively retain employees and, where possible, provide them with more development opportunities and benefits.

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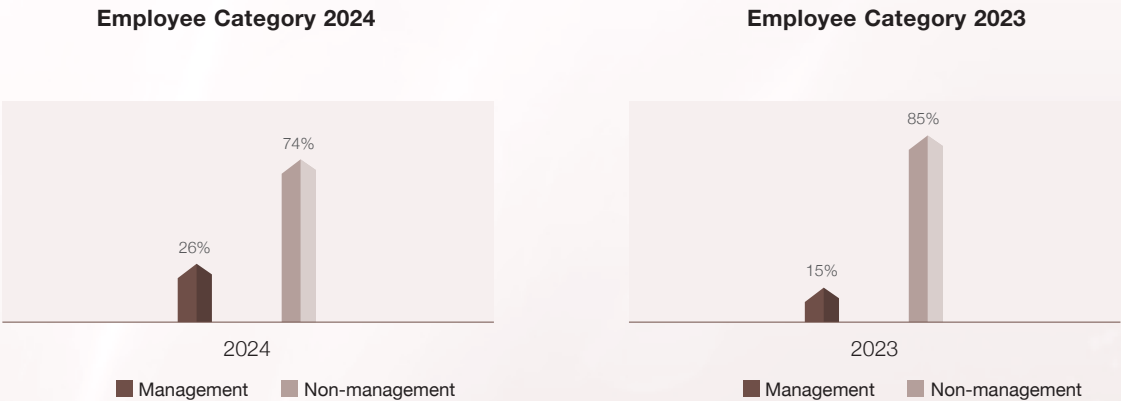
The following diagrams show the proportion of employees by gender for the year 2024 and 2023 respectively:



The following diagrams show the proportion of employees by employment category for the year 2024 and 2023 respectively:



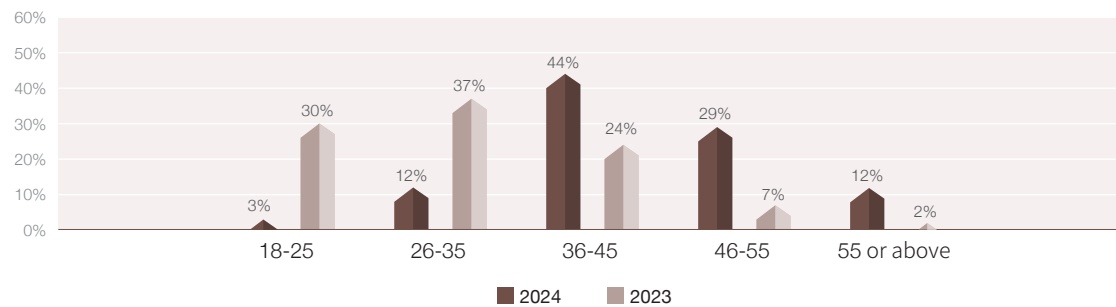
The following diagrams show the proportion of employees by employee category for the year 2024 and 2023 respectively:



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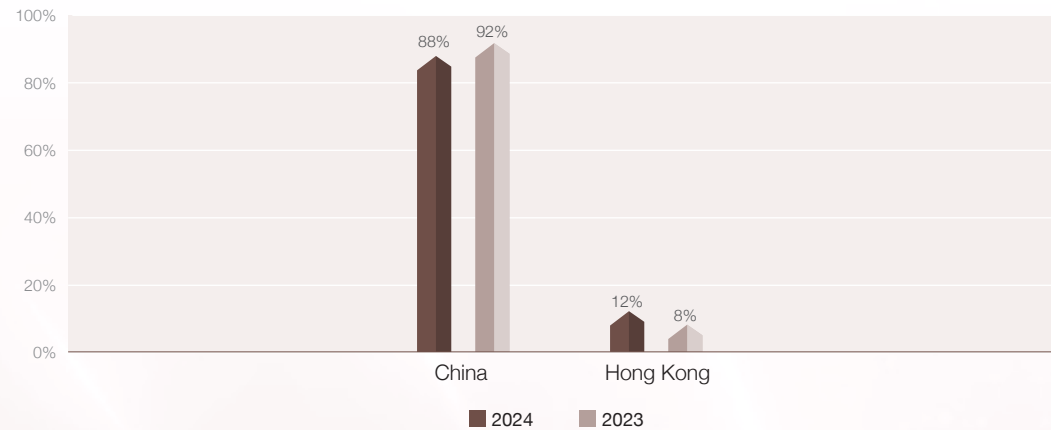
The following diagrams show the proportion of employees by age for the year 2024 and 2023 respectively:

Proportion of Employees by Age



The following diagrams show the proportion of employees by geographical region for the year 2024 and 2023 respectively:

Proportion of Employees by Geographical Region



Environmental, Social and Governance Report

During the Reporting Period, the Group's overall employee turnover rate was 159% (2023: 156%). The breakdown of the employee turnover rate by gender, age and geographical region for the year 2024 and 2023 is as follows:

Categories of employees	Employee turnover rate	
	2024	2023
Gender		
Male	150%	116%
Female	165%	175%
Age		
18-25	1,000%	117%
26-35	400%	227%
36-45	120%	107%
46-55	80%	75%
55 or above	50%	300%
Geographical Region		
China	173%	170%
Hong Kong	50%	0%

HEALTH AND SAFETY

The management of the Group regard health and safety of our customers and employees as a top priority. Moreover, nurturing quality employees and caring for the well-being of the employees are integral to our culture. We focus on creating ideal work environment that combine the needs to focus on performance with a caring and compassionate to work ethos to deliver performance.

We promote the concept “work-life balance” for caring our employees in terms of their health, wellness and continuing education, providing other support services and providing support whenever possible. Different types of health care plans are available such as periodic preventive health check-ups, medical insurance, accident insurance and etc.

In addition to caring the health of our employees, we are committed to providing a safety environment for our employees. The management of the Group provides regular emergency evacuation drills ensuring that they can manage any safety risks arising from emergency situation. We also regularly review the safety rules to ensure safety environment of working was provided. We strictly follow the local government guidelines to deal with the bad weather.

The Group strictly complies with the Law of the People's Republic of China on Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》), the Law of the People's Republic of China on the Prevention and Control of Infectious Diseases* (《中華人民共和國傳染病防治法》), the Fire Control Law of the People's Republic of China* (《中華人民共和國消防法》), the Regulations on Occupational Injury Insurance* (《工傷保險條例》) and other relevant laws and regulations on occupational health and safety. Especially for the Aesthetic Medical Services, the Group abided by the Measures for the Administration of Aesthetic Medical Services* (《醫療美容服務管理辦法》), the Regulations on the Administration of Medical Institutions* (《醫療機構管理條例》), the Law on Medical Practitioners* (《執業醫師法》), the Administrative Measures for Nurses* (《護士管理辦法》) of the People's Republic of China and other relevant regulations on the health and safety of Aesthetic Medical Services. In order to reduce the risk of disease transmission from patients to medical staff at work, the Group required medical staff to wear protective equipment such as impervious gloves, masks, protective eyewear and face shields when performing surgery, to avoid being stabbed or cut by sharp instruments such as needles and blades, and also to safely dispose of surgical instruments, sharp instruments and needles after use. We have also strengthened training on infectious disease control and nosocomial infections by providing monthly training on nosocomial infections for our medical staff.

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The Group also paid attention to the process of medical waste disposal by its staff and require dedicated staff to clean and disinfect the area for temporary storage of medical wastes on a regular basis, and provided training on medical waste management to the specific staff engaged in medical waste management, all medical care personnel, new employees and other staff who will be engaged in the separate and collection, transportation, temporary storage and disposal of medical wastes. This is to raise the awareness of environmental protection and their own protection, so as to prevent and control the hazards of medical wastes to human health and the environment.

In order to safeguard the health and safety of our employees and clients, Shanghai Hospital continues to implement a number of precautionary measures to prevent viral infection, for example, to equip public areas with pandemic prevention facilities such as disinfectants, and carries out regular cleansing and disinfection.

The Group will continuously monitor that the policies adopted shall be executed effectively, including but not limited to:

- Providing overall guidance and direction for the Group's safety and loss control program;
- Evaluating, analyzing and correcting safety and security problems;
- Monitoring inspection reports to ensure corrective action is taken;
- Promoting and implementing safety awareness and training programs for employees;
- Evaluating new and existing facilities, equipment and procedures related to safety and security; and
- Maintaining accurate and complete meeting and activity records and reports.

We strive to enhance the injury and illness prevention through more robust post-incident investigations. Work injury handling procedures were reviewed during the Reporting Period to ensure the injury case can be handled properly. During the Reporting Period, we did not record any work-related injury (2023: 1), therefore, there was no workdays lost due to work-related injuries (2023: 252 days). There was no work-related fatality in the past three years (including 2024).

During the Reporting Period, the Group did not recognize any non-compliance with the relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

DEVELOPMENT AND TRAINING

Cultivating employees' capabilities is a vital element in driving the future development of the Group, so as to enable the best response to tomorrow's market opportunities and pave a solid foundation. Different training programs were designed to deliver training for enhancing both of the technical skills and ethical mindset, for example, a range of in-house training and development for our employees is provided to enhance their performance, professional skills and knowledge. Meanwhile, we promote "The Spirit of Care" through the training programs for each level of employees concerning how their behavior conveys our promise to care for others.

New employees were required to attend an induction training, covering the Group's history, company profile, corporate culture, internal policies and employee benefits. This helped our employees to familiarize themselves with our operations in order to develop a sense of belonging to the Group.

On-the-job training is provided by each department individually according to the actual work of the specific department enable employees to adapt to the occupational development and the requirements of their positions through mentoring and training. We provided, for example, business training for marketing staff, medical safety training, training on nosocomial infections and programs on the use of medical equipment for medical care staff. During the Reporting Period, Shanghai Hospital has provided training sessions on aesthetic medical products and instruments, medical dispute prevention and resolution, as well as medical security precautions for employees, with a view to expanding their knowledge of the medical aesthetic business, strengthening their ability to respond to customers' complaints and raising their safety awareness.

Environmental, Social and Governance Report

The management of the Group place high emphasis on the code of conduct of the employees. Code of conduct training was provided on a rolling basis to ensure that we adhere to the legal and ethical standards consistently, including training on China and Hong Kong company law and directors' responsibilities for the directors of the Company.

We regularly review and continue to improve the individual training and development results so that the Group can better understand the training of its employees. The Group is intensely focused on the training of physicians and nurses in the Aesthetic Medical Services. We reviewed the performance of our medical employees each year to ensure that they have the relevant professional accreditation, have passed trainings related to treatments and operations and are recognized, satisfying the requirements of the Law on Medical Practitioners (《執業醫師法》), the Administrative Measures for Nurses (《護士管理辦法》), and other relevant medical practice qualifications.

The percentage of employees trained and the total and average training hours completed by the employees of the Group by different types of employment for the year 2024 and 2023 are as follows:

Employee Category	Percentage of employees trained		Average training hours (Hour)	
	2024	2023	2024 (Note 1)	2023
Gender				
Male	21%	28%	N/A	4.79
Female	79%	72%	N/A	8.13
Employee Category				
Management	12%	24%	N/A	7.56
Non-management	88%	76%	N/A	6.96

Note 1: During the Reporting Period, the trainings provided by the Group to its employees were online trainings. Since there was no official statistics of training hours, we could not provide the total and average training hours of the employees during the Reporting Period. We will improve our ESG data collection system to enhance the comparability of KPI.

LABOR STANDARDS

Policies have been implemented and reviewed by the Group during the Reporting Period for the compliance with the Law on the Protection of Minors of the People's Republic of China* (《中國人民共和國未成年人保護法》), Regulations on the Prohibition of Child Labor* (Decree No. 364 of the State Council of the People's Republic of China) (《禁止使用童工規定》(中華人民共和國國務院令364號)) and Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and other relevant laws and regulations. The management of the Group ensure the terms of employment contracts were formulated in compliance with the relevant regulations. We denounce all forms of child exploitation, forced or bonded labor and we recognize and protect the right of workers. During the recruitment process, we will verify the identity documents and academic qualifications of the candidates to ensure that their age and identity are consistent with the documents provided by them and that they meet the requirements of the Chinese and Hong Kong labor laws. Employment of any identified child or forced labour will be ceased immediately. Investigation will be carried out to determine the cause of non-compliance, while at the same time implementing remedies and appropriate penalties to the staff involved to prevent the recurrence of similar incidents. An independent whistle blowing channel was set up allowing anyone to raise concerns and seek guidance on a broad range of issues. Neither child labor employment nor forced labor practice was found during the Reporting Period, and there was no non-compliance with relevant laws and regulations in relation to prevention of child or forced labour which would cause significant impact to the Group. During the Reporting Period, we did not employ any child or forced labour, nor did we recognise any non-compliance with relevant laws and regulations in relation to prevention of child or forced labour which would cause significant impact to the Group.

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SUPPLY CHAIN MANAGEMENT

As the Group principally provides Aesthetic Medical Services, the safety and health of our customers are the matters of utmost importance. Therefore, the management of the Group believe that the actualization of its vision of sustainable development requires the rigorous management of its supply chain and is necessary to take into account the impact on human health and environmental within supply chain. In order to formalize the sustainable procurement process, the Procurement Conduct Guide was put in place and was reviewed by the management of the Group during the Reporting Period. The main guidelines are outlined below:

- The principle of respecting human rights;
- Complying with all applicable local and national labor laws especially in relation to discrimination, minimum wage, overtime and maximum working hours;
- Ensuring all work is out of one's own free will and workers should be free to terminate employment with reasonable notice;
- Complying with applicable labor law, in particular in connection with child labor;
- Upholding a safe and healthy work environment;
- Minimizing the impact of their operations on the environment and obtaining all necessary environmental permits and registrations;
- Following all applicable laws regarding prohibition of specific substances and/or ingredients and regulations for handling, recycling and disposal of all waste types;
- Undertaking ongoing efforts to reduce their operational impact on the environment;
- Performing due diligence on new suppliers; and
- Performing yearly review on the existing suppliers.

In the process of selecting suppliers, Preference will be given to the suppliers:

- Indicating preference for use of eco-friendly recycled materials and products;
- Indicating preference for ISO14001 certified vendors; and
- Declaring the use of eco-friendly/recycled paper unprinted materials.

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The Group have prepared the Procurement Management System and Operation Procedures to regulate the procurement of various types of materials and to ensure that procurement is conducted in an effective and cost-efficient manner, mainly involving the procurement of supplies including various types of drugs, injection materials, implants, medical materials, medical beauty equipment and other consumables or office supplies. In order to manage the environmental and social risks within the supply chain, in the process of selecting suppliers, the Group will consider factors such as product quality, price, qualification and reputation of suppliers, service quality and delivery time, and require suppliers to provide licenses and permits required for their business, such as operation licenses and Certificate of quality control standard for pharmaceutical business, etc. Moreover, the Group have entered into pharmaceutical supply and demand quality assurance agreements with major suppliers of pharmaceutical products in Shanghai to ensure product quality. We regularly liaise with the suppliers we work with to ensure they are operating properly without significant risk.

During the Reporting Period, the suppliers of the Group were all located in the PRC and the Group had 58 qualified suppliers (2023: 72 qualified suppliers). The Group will adjust the number of suppliers needed according to the business volume. Each time before cooperating with new suppliers, we will investigate and evaluate their qualification and quality, and conduct annual evaluation according to their supply quality, delivery services and prices, in order to monitor the supplier's performance and manage the risks related to the quality and stability of the supplies.

PRODUCT RESPONSIBILITY

The Group fully understands that safety and quality of service are crucial in the Aesthetic Medical Services. Since we put customers a top priority, to ensure that our products and services are safe and of high quality, we pay special attention to medical safety and do everything possible to provide quality and safe products and services to our customers.

Quality Control of Pharmaceuticals and Medical Supplies

The Group strictly complies with the Pharmaceutical Administration Law of the People's Republic of China* (《中華人民共和國藥品管理法》) and other laws and regulations related to the quality management of medical drugs, and formulated the Management System for Pharmacy, Drugs and Medical Supplies (《藥房、藥品及醫療用品管理制度》) to carry out rigorous acceptance work for drugs and medical supplies. For example, drugs are inspected batch by batch and the name, specification, quantity, batch number, manufacturer and expiration date are seriously verified. For unqualified materials, feedback and arrangement for return were made with suppliers in a timely manner. The Group have pharmacy staff to properly classify and store drugs according to their properties and requirements, and maintain them in room temperature, cool place or cooler, respectively. Further, the Group established an alert mechanism for expired drugs, with pharmacists checking the expiration dates of existing drugs every month and arranging for the shelving and scrapping of drugs with an expiration date of less than three months to ensure that no expired drugs were consumed. Meanwhile, pharmacists were required to check written prescriptions and data in the medical management system before dispensing medications properly according to the “3 checks and 7 verifications” rule to ensure error-free dispensing.

Service Quality

The Group strictly abides by the Administrative Measures for Aesthetic Medical Services* (《醫療美容服務管理辦法》) and other relevant laws and regulations to provide quality services and bring social and economic benefits to the Group. To improve and enhance the quality of its service, the Group conducted regular and internal audits on medical quality and safety in relation to the compliance in aspects of pre-surgical information, records and procedures, records during and after surgical procedures, management of drugs, use, storage and disposal of anesthetic drugs, safety of medical devices, and medical waste management. Meanwhile, when recruiting qualified physicians and medical staff, we assessed their academic and professional qualifications, experience and other criteria to ensure that they satisfy the qualifications of practitioners and comply with laws and regulations. The Group will continue to strengthen the service quality control to provide quality service to our customers.

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Customer feedback and handling medical disputes

The Group attach great importance to the collection of service quality information through customer feedback so that customers are able to contact the Group's management. The results and opinions of the collected information facilitate customer engagement and help to promote improvement of service quality. We will proactively respond to customer feedback in order to enhance customer satisfaction and loyalty, thus safeguarding the brand image of the Company. Since the evaluation of medical beauty results in such nature of business is influenced by subjective judgment, if there is an obvious deviation of the surgical result from the customer's expectation or it is due to a surgical error, it will easily lead to medical complaints, medical disputes and medical accidents. The Group has established the Procedures for Handling Medical Disputes and various communication channels (e.g. telephone, email or direct visits to hospitals) are provided. Our customer service staff will follow up each cases upon receipt of relevant medical complaints, so that they can be handled appropriately and in a timely manner. Customer service staff will report all medical complaints and disputes to the hospital management and the group management at least on a quarterly basis for timely handling and response of the issue.

During the Reporting Period, the Group received a total of 38 complaints from customers (2023: 10 complaints), mainly related to dissatisfaction with the results of the aesthetic medical services. We had obtained understanding of the situation and went through investigation and verification of the case in accordance with the above-mentioned Procedures for Handling Medical Disputes, and we had also communicated with customer on a timely manner to ensure that all customer complaints have been properly handled. We have policy in place to deal with product or service recalls. Upon verification by our customer service officers on a refund request due to defects of our products or services, we will reach out to the customer for refund purposes. During the Reporting Period, 0% of the Group's products and services were subject to recall for safety and health issues.

The Group strictly complies with the Advertising Law of the People's Republic of China*《中華人民共和國廣告法》 and other relevant laws and regulations. During the Reporting Period, we did not recognize any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.

Intellectual property rights

The Group have completed trademark registration for the trademarks owned by the Group, and keep the trademark registration certificates properly and renew the valid registration documents annually to maintain the trademark rights.

The policies for protecting the intellectual property rights were reviewed during the Reporting Period including but not limited to:

- maintaining an effective system of Internet Protocol asset management, including maintaining an inventory and records of IP-related assets and agreements;
- Prohibiting the infringement of a third party's intellectual property rights in its products and services; and
- Prohibiting the use of counterfeit or other infringing goods and services.

We did not discover any infringement of intellectual property rights during the Reporting Period (2023: Nil).

Privacy policy

The Group is committed to protecting the privacy of all individuals. We adhered to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and laws and regulations relating to customer data and privacy. We imposed strict procedures in dealing with collecting, retaining, and disclosing personal information. We recorded customer information into our customer management system and set up access rights for different employees to ensure the security of customer information.

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The Group also put in place measures at various control areas to ensure the personal data is handled properly and is safeguarded. An authorized employee who is eligible to access confidential information is requested to sign the confidentiality agreement, requiring them not to disclose any company and customer information.

ANTI-CORRUPTION

It is vital to us that we are a responsible organization whose employees act with integrity and in accordance with our standards of business conduct. We have embedded a culture with ethical behavior at the forefront. Our Code of Conduct is paramount. The Code of Conduct is anchored in good corporate governance and exemplary personal conduct. Our business spells out the guidelines to deal with the issues related to antitrust, unfair competition, political contributions, abuse of purchasing power, commercial and political bribery. Our Anti-Bribery and Corruption Policy clearly specifies the meaning of bribery and corruption and our position on facilitation payments and gifts. We provide regular corruption prevention information and training to all employees to enhance their knowledge of business ethics and the importance of anti-corruption.

The Board is of critical importance to the Company's maintenance of high ethical standards. We will provide relevant trainings to Directors based on actual situation and needs, so as to raise the Directors' anti-corruption awareness.

Any violation of Code of Conduct will render the employee liable for disciplinary action. Specific training program was introduced in respect of the updated and relevant regulations in relation to anti-bribery and corruption.

During the Reporting Period, there were no legal proceedings brought against the Group and its employees relating to corruption, bribery, extortion, fraud and money laundering. (2023: Nil)

Whistle Blowing Policy

The Group has established an effective anti-fraud policy and procedure, feedback and whistle-blowing reporting process. The launch of the policy aims to set up a reporting channel for all parties to raise concerns, in confidence, about misconduct, malpractice, impropriety, statutory non-compliance or wrongdoing by staff in the course of their work in any language. Employees at all levels and stakeholders can report information on actual or suspected fraud cases of the company and its personnel, including complaints and whistle-blowing information on violations of professional ethics, through the reporting telephone hotline, e-mail and letters. All whistle-blowing cases are received directly by the Company Secretary who will report to the Audit Committee for investigation and processing after understanding the situation. Once received, all cases will be fully, fairly and impartially investigated to the extent possible, and will be dealt with and rectified as soon as possible.

Our objectives include but not limited to:

- encourage timely report of any misconduct;
- respond timely to such misconduct;
- serve as a means of avoiding misconduct; and
- promote a culture of integrity.

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Policies were imposed to ensure the Group to comply with the following laws and regulations:

- Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong);
- Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Chapter 615 of the Laws of Hong Kong);
- Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
- Criminal Law of the People's Republic of China* (《中華人民共和國刑法》); and
- Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》).

The Group have published the reporting channels for whistle-blowing and the relevant policies were posted on employee notice boards, the intranet and the Employee Handbook for transparency and ease of access by employees.

According to the Code of Conduct, all employees of all levels should avoid situations in which their personal interests could conflict with the interest of the Group. All of the employees at management level are required to submit a Conflict of Interest Confirmation during the onboarding and on an annual basis to disclose any potential conflict of interest. All of the related parties transactions must comply with the internal guidelines and the relevant external regulations. For an employee who becomes involved in a situation where his or her personal interest is perceived to be in conflict with that of the Group, disclosure procedures must be strictly complied with in accordance with the guideline set out in Anti-Bribery and Corruption Policy. Any employee who violates the Anti-Bribery and Corruption Policy will be subject to disciplinary action or even possible termination of employment and legal action brought against them.

Once the conflict of interest has been identified, the management of the Group will carry out the following procedures in accordance with the guideline including but not limited to:

- withdrawing the employee from the situation leading to conflict;
- prohibiting the employee from further involvement in the transaction; and
- considering remedies to reduce the impact.

Going forward, the Group will formulate a long-term sustainability roadmap, where it presents the focus areas, goals and targets for all its operations to monitor its ESG performance. The Group will also focus more on customer engagement in order to better understand their needs and opinions.

Independent Auditors' Report



國富浩華 (香港) 會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA TIAN YUAN HEALTHCARE GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Tian Yuan Healthcare Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 58 to 143, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy 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 HKFRS Accounting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

Independent Auditors' Report

KEY AUDIT MATTERS (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessing potential impairment of goodwill and intangible assets At 31 December 2024, goodwill amounted to approximately HK\$31,473,000 in total and was allocated to cash generating units of healthcare business for the purpose of assessing potential impairment. At 31 December 2024, intangible assets mainly comprised of trademarks amounted to approximately HK\$5,644,000. Goodwill is assessed annually for potential impairment and the directors assess potential impairment of intangible assets when they consider that indicators of potential impairment of these assets exist. Management performs impairment assessments of the cash-generating units ("CGUs") to which the assets are allocated by considering the value-in-use of these assets. We identified assessing the potential impairment of goodwill and intangible assets as a key audit matter because the impairment assessment prepared by management is complex and involves a significant degree of management judgment in relation to the key assumptions adopted in the impairment assessments models some of which are inherently uncertain and may be subject to management bias in their selection.	Our procedures in relation to management's impairment assessment of goodwill and intangible assets included: – Understanding the Group's impairment testing process, including valuation model adopted, allocation of cash generating units and assumptions used; – Assessing and challenging the key assumptions used in management's cash flow projections, including, amongst others, expected future cash flows and discount rates; the reasonableness of the key assumptions used in the models, e.g. revenue growth rate and gross profit margin, by comparing such key assumptions with the Group's historical performance and market data. Obtaining management's sensitivity analysis for the key assumptions, including annual growth rate and discount rate and assessing the impact of changes in the key assumptions on the conclusions reached by management and whether there is any indicators of management bias; – Obtaining and reviewing the valuation report prepared by the external valuation firm engaged by the Group with the assistance of our valuation specialists; – Assessing the external valuer's qualifications, experience and expertise of the external professional valuer engaged by management and considered its objectivity and independence; and – Assessing the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Independent Auditors' Report

KEY AUDIT MATTERS (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
<i>Provision for expected credit losses ("ECL") and impairment assessment of loan and other receivables</i> At 31 December 2024, the carrying amount of the loan receivables and other receivables amounted to approximately HK\$127,561,000 and HK\$7,797,000 respectively. In determining the impairment provision of loan and other receivables, the recoverability was assessed by the management taking into account the credit quality and likelihood of collection. ECL for loan and other receivables are based on management's estimate of 12 month ECL to be incurred, which is estimated by taking into account the credit loss experience, aging of overdue, borrowers' repayment history and borrowers' financial position, all of which involve a significant degree of management judgement. We identified the ECL assessment and impairment assessment on loan and other receivables as a key audit matter due to management judgement was required in making an assessment of the adequacy of the ECL assessment and impairment provision for loan and other receivables rising from the money lending and related business.	Our procedures in relation to management's impairment assessment of the loan and other receivables included: – Understanding and assessing the Group's policy on granting loans to its borrowers and the Group's credit and impairment assessments, including the design and implementation of key controls over the approval, recording and monitoring of loan and other receivables; the related credit control and loan monitoring process, the identification of the three stages of the ECL model and the measurement of provisions for impairment; – Challenging management's basis and judgment in determining credit loss allowance on loan receivables as at 1 January 2024 and 31 December 2024, including the identification of credit impaired loan receivables, estimated loss rates applied to each borrower and collaterals pledged to the Group. Evaluating management's assessment of the internal credit rating of the loan and other receivables by reference to the past due status, past collection history, subsequent settlement information and financial condition of the borrowers; and the reasonableness of forward-looking information used by the Group, with the assistance from our valuation specialists; – Evaluating the expected cash shortfalls estimated by the management by checking the expected cash flows from the realisation of collaterals received against publicly available information; the timing and means of realisation of collateral, the forecast cash flows; and – Assessing the disclosures in the consolidated financial statements on impairment of loan and other receivables with reference to the requirements of the prevailing accounting standards.

Independent Auditors' Report

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

RESPONSIBILITIES OF DIRECTORS AND 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. This report is made solely to you, as a body, in accordance with our agreed terms of engagements, 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 HKSAAs 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 HKSAAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

Independent Auditors' Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (*cont'd*)

- 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 purpose 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.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2025

Yeung Sik Hung, Alvin
Practising Certificate Number: P05206

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	5	26,845	45,230
Cost of sales		(5,607)	(17,285)
Gross profit		21,238	27,945
Other losses, net	6	(4,356)	(2,050)
Reversal of expected credit loss/(expected credit loss recognised), net	7	2,497	(10,013)
Impairment loss on goodwill	8	(23,473)	–
Administrative expenses		(31,103)	(40,752)
Share of loss of associates (net of tax)		(14)	(365)
Finance costs	8	(3,218)	(3,543)
Loss before taxation	8	(38,429)	(28,778)
Income tax	9(a)	(177)	1,821
Loss for the year		(38,606)	(26,957)
Loss for the year attributable to:			
Equity shareholders of the Company	12	(34,238)	(15,484)
Non-controlling interests		(4,368)	(11,473)
Loss for the year		(38,606)	(26,957)
		HK cents	HK cents
Loss per share	12		
Basic loss per share		(8.58)	(3.88)
Diluted loss per share		(8.58)	(3.88)

The notes on page 66 to 143 form part of these consolidated financial statements.

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	(38,606)	(26,957)
Other comprehensive income for the year (after taxation):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	(624)	116
Total other comprehensive (loss)/income for the year	(624)	116
Total comprehensive loss for the year	(39,230)	(26,841)
Total comprehensive loss attributable to:		
Equity shareholders of the Company	(35,581)	(16,120)
Non-controlling interests	(3,649)	(10,721)
Total comprehensive loss for the year	(39,230)	(26,841)

The notes on page 66 to 143 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment	14	38,045	43,683
Intangible assets	15	5,644	7,331
Goodwill	16	31,473	57,385
Interests in associates	17	6,355	6,596
Trade and other receivables	19	2,986	4,884
Deferred tax assets	26(b)	1,644	1,821
		86,147	121,700
Current assets			
Trade and other receivables	19	19,382	22,495
Inventories	18	798	801
Financial assets at fair value through profit or loss	20	2,578	5,855
Loan receivables	21	127,561	131,224
Cash and cash equivalents	22	24,468	20,879
		174,787	181,254
Current liabilities			
Trade and other payables	23	(43,891)	(41,704)
Bank overdraft	24	(154)	–
Lease liabilities	25	(5,044)	(4,318)
Provision for taxation		(163)	(163)
		(49,252)	(46,185)
Net current assets		125,535	135,069
Total assets less current liabilities		211,682	256,769

Consolidated Statement of Financial Position

At 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Lease liabilities	25	(35,731)	(41,588)
		(35,731)	(41,588)
NET ASSETS		175,951	215,181
Capital and reserves			
Share capital	27(b)	398,980	398,980
Share premium		20,663	20,663
Reserves		(224,961)	(189,380)
Equity attributable to equity shareholders of the Company		194,682	230,263
Non-controlling interests		(18,731)	(15,082)
TOTAL EQUITY		175,951	215,181

The consolidated financial statements on pages 58 to 143 were approved and authorised for issue on behalf of the board of directors on 28 March 2025.

.....
Dong Wei

Chief Executive Officer

.....
He Mei

Director

The notes on page 66 to 143 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2023	398,980	20,663	676	3,494	(199,511)	224,302	17,720	242,022
Changes in equity for 2023:								
Loss for the year	–	–	–	–	(15,484)	(15,484)	(11,473)	(26,957)
Other comprehensive income/(loss)								
Items that are or may be reclassified subsequently to profit or loss:								
Exchange differences on translation of financial statements of foreign operations	–	–	–	(636)	–	(636)	752	116
Total other comprehensive income/(loss)	–	–	–	(636)	–	(636)	752	116
Total comprehensive loss for the year	–	–	–	(636)	(15,484)	(16,120)	(10,721)	(26,841)
Deregistration of subsidiaries	–	–	–	(66)	22,147	22,081	(22,081)	–
Balance at 31 December 2023	398,980	20,663	676	2,792	(192,848)	230,263	(15,082)	215,181

The notes on page 66 to 143 form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Capital redemption reserve	Exchange reserve	Accumulated losses		Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2024	398,980	20,663	676	2,792	(192,848)	230,263	(15,082)	215,181
Changes in equity for 2024:								
Loss for the year	-	-	-	-	(34,238)	(34,238)	(4,368)	(38,606)
Other comprehensive income/(loss)								
Items that are or may be reclassified subsequently to profit or loss:								
Exchange differences on translation of financial statements of foreign operations	-	-	-	(1,343)	-	(1,343)	719	(624)
Total other comprehensive income/(loss)	-	-	-	(1,343)	-	(1,343)	719	(624)
Total comprehensive loss for the year	-	-	-	(1,343)	(34,238)	(35,581)	(3,649)	(39,230)
Balance at 31 December 2024	398,980	20,663	676	1,449	(227,086)	194,682	(18,731)	175,951

The notes on page 66 to 143 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Operating activities			
Loss before taxation		(38,429)	(28,778)
Adjustments for:			
Amortisation of intangible assets	8	1,656	2,788
Depreciation of property, plant and equipment	8	6,323	6,288
Finance costs	8	3,218	3,543
Loss on disposal of property, plant and equipment	6	73	–
Interest income	5	(17,591)	(17,864)
Impairment loss on goodwill	8	23,473	–
Impairment loss on trademarks	8	–	1,937
(Reversal of expected credit loss)/expected credit loss recognised, net	7	(2,497)	10,013
Net realised and unrealised foreign exchange losses	6	2,512	3,904
Net realised and unrealised valuation loss/(gain) on financial assets at fair value through profit or loss	6	3,255	(1,699)
Share of loss of associates (net of tax)		14	365
		20,436	9,275
Operating loss before changes in working capital		(17,993)	(19,503)
Changes in working capital			
Loan receivables		2,342	–
Inventory		31	1,187
Trade and other receivables		7,631	4,475
Trade and other payables		1,088	1,079
Cash used in operations		(6,901)	(12,762)
Interest received		17,591	17,864
Net cash generated from operating activities		10,690	5,102

The notes on page 66 to 143 form part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Investing activities			
Purchase of property, plant and equipment		(17)	(595)
Proceeds from disposal of financial assets at fair value through profit or loss		–	959
Proceeds from disposal of property, plant and equipment		14	–
Net cash (used in)/generated from investing activities		(3)	364
Financing activities			
Capital element of lease liabilities paid		(7,630)	(5,222)
Interest element of lease liabilities paid		(3,218)	(3,543)
Net cash used in financing activities	22(b)	(10,848)	(8,765)
Net decrease in cash and cash equivalents		(161)	(3,299)
Cash and cash equivalents at 1 January		20,879	26,496
Effect of foreign exchange rate changes		3,596	(2,318)
Cash and cash equivalents at 31 December	22	24,314	20,879

The notes on page 66 to 143 form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

1. GENERAL

China Tian Yuan Healthcare Group Limited (the “Company”) is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is Tianyuan Manganese Limited (incorporated in the Cayman Islands) and its ultimate holding company is Ningxia Tianyuan Manganese Industry Co., Ltd (incorporated in the People’s Republic of China (the “PRC”)). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The principal activities of the Company and its subsidiaries (the “Group”) are investment holding, provision of procurement, marketing and management services to the medical industry, provision of procurement services relating to hospitality industry, licensing of trademarks and money lending and related business.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (“HKFRSs”)

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s financial annual period beginning on or after 1 January 2024, to the consolidated financial statements for the current accounting year:

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

The Group has not applied any new standards and amendments to HKFRSs that are not yet mandatorily effective for the current accounting period. 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.

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. Material Accounting Policy Information adopted by the Group are disclosed below.

The HKICPA has issued certain new and amendments to HKFRSs which are mandatorily effective or available for early adoption for the current accounting period of the Group. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Hong Kong dollar (“HKD”), which is the Company’s functional and presentation currency.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- investments in equity securities (see note 3(f))

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgments made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. When necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the group’s accounting policies. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(c) Subsidiaries and non-controlling interests (cont'd)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 3(j)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Associates and joint ventures

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(d) Associates and joint ventures (cont'd)

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted to recognise the Group's post-acquisition share of the profit or loss and other comprehensive income of the associate or joint venture and any impairment loss relating to the investment. Any acquisition date excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment (after reassessment) is recognised in the consolidated statement of profit or loss.

When the Group's share of losses exceeds its interest in an associate or joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or joint venture after applying the expected credit loss model to such other long-term interests where applicable.

Unrealised profits and losses resulting from transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

The Group assesses whether there is any objective evidence that its net investment in the associate or joint venture is impaired. When there is objective evidence of impairment, the entire carrying amount (including goodwill) of the investment is tested for impairment in accordance with HKAS 36 Impairment of Assets ("HKAS 36") as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. An impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the net investment in the associate or joint venture. Accordingly, any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the net investment subsequently increases.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses, unless classified as held for sale (or included in a disposal group that is classified as held for sale).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(e) Goodwill

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

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

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit (or group of CGUs) may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) 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 prorata basis based on the carrying amount of each asset in the unit (or group of CGUs), except that the carrying value of an asset will not be reduced below the highest of its individual fair value less costs of disposal (if measurable), value in use (if determinable) and zero.

On disposal of the relevant CGU or any of the CGU within the group of CGUs, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the CGU (or a CGU within a group of CGUs), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the CGU) disposed of and the portion of the CGU (or the group of CGUs) retained, unless the Group can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.

(f) Other investments in securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. All regular way purchases or sales of equity securities are recognised and derecognised on a trade date/settlement date basis. Regular way purchases or sales are purchases or sales of equity securities that require delivery of assets within the time frame established by regulation or convention in the market place. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVTPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments (see note 32). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(f) Other investments in securities (cont'd)

(i) Non-equity investments (cont'd)

- fair value through other comprehensive income (“FVTOCI”) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses (“ECL”), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity security is classified as financial assets at FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such election is made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity security classified at FVOCI are recognised in profit or loss as other income, unless the dividends clearly represent a recovery of part of the cost of the investment.

Financial assets at FVPL 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 includes/excludes any dividend or interest earned on the financial asset and is included in the other gains and losses line item, unless the dividends clearly represent a recovery of part of the cost of the investment.

(g) Property, plant and equipment

The following items of property, plant and equipment for own use, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses (see note 3(j)):

- interests in leasehold land and buildings where the Group is the registered owner of the property interest (see note 3(i));
- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 3(i)).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(g) Property, plant and equipment (cont'd)

Depreciation is calculated to write off the cost of items of property, plant and equipment, other than construction in progress, 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.

– Building	2.6%
– Plant, machinery and equipment (comprising principally furniture and fixtures and office equipment)	6% to 33.33%
– Leased properties lease	over the term of the lease
– Motor vehicles	20%

Historical cost includes expenditure that is directly attributable to the acquisition of an item of property, plant and equipment. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss during the reporting period in which they are incurred.

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

Gain or loss arising from the retirement or disposal of an item of property, plant and equipment is determined as the difference between the net proceeds on disposal and the carrying amount of the item and is recognised in profit or loss on the date of retirement or disposal.

(h) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(h) Intangible assets (cont'd)

Intangible assets acquired in a business combination (cont'd)

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.

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.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives as follows:

– Trademarks	10 to 15 years
– Customer contracts	2 to 10 years

Both the useful life and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(i) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. The Group will reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are subsequently charged. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and do not have a purchase option and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(i) Leases (cont'd)

(i) As a lessee (cont'd)

Where the lease is capitalised at the commencement date of the lease, the lease liability is initially recognised at the present value of the lease payments (less any lease incentives receivables) payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred. Lease payments also include amounts expected to be payable by the Group under residual value guarantees; the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and payments of penalties for terminating a lease if the lease term reflects the Group exercising an option to terminate the lease.

After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date less any lease incentives received, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, a provision is recognised and measured under HKAS 37. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 3(g) and 3(j)(ii)) and adjusted for any remeasurement of lease liabilities.

The initial fair value of refundable rental deposit paid is accounted for separately from the right-of-use asset in accordance with the accounting policy applicable to financial asset measured at amortised cost. Any difference between the initial fair value and the nominal value of the deposit is accounted for as additional lease payment made and is included in the cost of right-of-use asset.

The Group presents right-of-use assets in “property, Plant and equipment”, the same line item within which the corresponding underlying assets would be presented if they were owned.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate used to determine those payments, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, by discounting the revised lease payments using an unchanged discount rate, unless the change in lease payments results from a change in floating interest rates. In that case, the lessee shall use a revised discount rate that reflects changes in the interest rate. When there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option, the lease liability is remeasured by discounting the revised lease payments using a revised discount rate, being the interest rate implicit in the lease for the remainder of the lease term, or the Group's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. When the lease liability is remeasured in either of these ways, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(i) Leases (cont'd)

(i) As a lessee (cont'd)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") and that is not accounted for as a separate lease. In this case, the consideration in the modified contract is allocated to each lease component on the basis of the relative stand-alone price of the lease component and the associated non-lease components are included in the respective lease components. The lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The Group presents lease liabilities as a separate line item in the consolidated statement of financial position. In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expenses on a straight-line basis over the lease term.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

Refundable rental deposits received are accounted for under HKFRS9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

When the Group is an intermediate lessor, the sub-lease is classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 3(i)(i), then the Group classifies the sub-lease as an operating lease.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and loan receivables

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest (“SPPI”); and
- loan receivables.

Other financial assets measured at fair value, including equity securities measured at FVTPL and equity securities designated at FVTOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate; and
- loan receivables: discount rate used in the measurement of the receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

ECLs are measured on either of the following bases:

- 12-month ECLs (“12-m ECLs”): these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected life of a financial instrument.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(j) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments and loan receivables (cont'd)

Measurement of ECLs (cont'd)

Loss allowances for trade and other receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, including loan receivables, the Group recognises a loss allowance equal to 12-m ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Where ECL is measured on a collective basis, the financial instruments are grouped on the basis below:

- nature of financial instruments;
- past-due status;
- nature, size and industry of debtors; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effect.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor;

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(j) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments and loan receivables (cont'd)

Significant increases in credit risk (cont'd)

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group;
- an actual or expected internal credit rating downgrade for the borrower;
- an actual or expected significant change in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring; and
- significant changes in the expected performance and behaviour of the borrower.

The Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Definition of default

For internal credit risk management, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(j) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments and loan receivables (cont'd)

Measurement and recognition of ECL

ECL are a probability-weighted estimate of credit losses over the expected life of the financial instrument. The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

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

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 and 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. As for the exposure at default, for financial asset, it is represented by the asset's gross carrying amount at the reporting date; for financial guarantee contract, the exposure includes the amount of guaranteed debt that has been drawn down at the reporting date, together with any additional guaranteed amount expected to be drawn down by the borrower in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtor, and other relevant forward-looking information. For financial guarantee contract, this is the maximum contractual period over which the Group has a present contractual obligation to extend credit.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 3(x)(ii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(j) Credit losses and impairment of assets (cont'd)

(i) Credit losses from financial instruments and loan receivables (cont'd)

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor;
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses; or
- the disappearance of an active market for that financial asset because of financial difficulties of the Company.

Write-off policy

The gross carrying amount of a financial asset or loan receivables is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(i) Credit losses and impairment of assets (cont'd)

(ii) Impairment of non-financial assets

Goodwill and intangible assets that are not yet available for use and intangible assets that have an indefinite useful life are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Internal and external sources of information is reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets;
- goodwill;
- prepayment; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the higher of its 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 pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(i) Credit losses and impairment of assets (cont'd)

(ii) Impairment of non-financial assets (cont'd)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below the highest of its individual fair value less costs of disposal (if measurable) or value in use (if determinable) and zero.

The Group assesses whether there is objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment.

– Reversal of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim Financial Reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(k) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs 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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method, less allowance for ECL (see note 3(j)(i)).

(m) Loan receivables

Loan receivable is initially measured at fair value plus, in the case of a financial asset not at FVPL, direct transaction costs. Loan receivable is subsequently measured at amortised cost if both of the following conditions are met:

- (i) it is held within a business model whose objective is to hold it in order to collect contractual cash flows; and
- (ii) the contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for expected credit losses (ECLs) in accordance with the policy set out in note 3(j)(i).

Cash at bank excludes bank balances that are subject to regulatory restrictions that results in such balance no longer meeting the definition of cash.

(p) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds. Consideration paid, including any directly attributable incremental costs, for purchase of the Company's ordinary shares is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's ordinary shares.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(r) *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.

(s) *Interest rate benchmark reform*

When the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, the Group updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if, and only if, both these conditions are met:

- (i) the change is necessary as a direct consequence of interest rate benchmark reform; and
- (ii) the new basis for determining the contractual cash flows is economically equivalent to the previous basis, i.e. the basis immediately preceding the change).

When changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first updates the effective interest rate of the financial asset or financial liability to reflect the changes required by interest rate benchmark reform. The Group then applies the policies on accounting modifications to the additional changes.

(t) *Short-term and other long-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 unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(u) *Share-based payments*

Equity-settled share-based payment transactions

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 (capital redemption 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 capital reserve.

When shares granted are vested, the amount previously recognised in capital redemption reserve will be transferred to retained earnings.

(v) *Income tax*

Income tax for the year comprises current tax and deferred tax expenses. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity which will result in taxable amounts against which the tax loss or credit can be utilised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(v) Income tax (cont'd)

The limited exceptions to recognition of deferred tax assets and liabilities are:

- temporary differences arising from goodwill not deductible for tax purposes,
- temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination) and do not give rise to equal taxable and deductible temporary differences,
- temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future and taxable profits will be available, and
- temporary differences related to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if a group entity has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the group entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(w) Provisions, contingent liabilities and onerous contracts

(i) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group is also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(ii) Onerous contracts

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The cost of fulfilling a contract comprises the costs that relate directly to the contract, which consist of both the incremental costs of fulfilling that contract (e.g., direct labour and materials); and an allocation of other costs that relate directly to fulfilling contracts—for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling that contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of fulfilling with the contract. Before a separate provision for an onerous contract is established, the Group recognise any impairment loss that has occurred on assets used in fulfilling the contract.

(x) Revenue and other income

(i) 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(x) Revenue and other income (cont'd)

(i) Revenue from contracts with customers (cont'd)

Except for granting of a licence that is distinct from other promised goods or services, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For granting of a licence that is distinct from other promised goods or services, the nature of the Group's promise in granting a licence is a promise to provide a right to access the Group's intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Group will undertake activities that significantly affect the intellectual property to which the customer has rights;
- the rights granted by the licence directly expose the customer to any positive or negative effects of the Group's activities; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, the Group accounts for the promise to grant a licence as a performance obligation satisfied over time. Otherwise, the Group considers the grant of licence as providing the customers the right to use the Group's intellectual property and the performance obligation is satisfied at a point in time at which the licence is granted.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(x) Revenue and other income (cont'd)

(i) Revenue from contracts with customers (cont'd)

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

(ii) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of impairment allowance) of the asset (see note 3(j)(i)).

(y) 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.

Exchange differences arising on the settlement of monetary items, and on the retranslation of 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 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, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(y) Foreign currencies (cont'd)

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(z) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(aa) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

3. BASIC OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

(aa) Related parties (cont'd)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both the entity and the Group are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(bb) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the discrete financial information provided regularly to the Board of Directors of the Company (the chief operating decision maker) for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES

Key sources of estimation uncertainty

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

(a) 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 changes in facts and circumstances which result in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

(b) Fair value measurement of financial instruments

As at 31 December 2024, certain of the Group's financial assets, unquoted non-equity investment amounted to approximately to HK\$nil (2023: HK\$nil) are measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgment and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair value of these instruments.

When the fair values of financial assets recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair values are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk, estimated future cash flows, discount rate, volatility and interest rate. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES (cont'd)

(c) *Provision of ECL for trade and other receivables*

Loss allowance for receivables is assessed and estimated by management based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and assessment of both current and forecast general economic conditions at the reporting date. Any increase or decrease in such estimation of credit loss allowance would affect the Group's profit or loss.

The Group assesses at the end of each reporting period whether there is objective evidence that a loan or receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group maintains an allowance for estimated impairment of receivables arising from the inability of its customers and debtors to make the required payments. The Group makes its estimates based on, inter alia, the ageing of its receivable balances, customers' and debtors' creditworthiness, past repayment history and historical write-off experience. If the financial condition of its customers and debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected.

(d) *Impairment assessment on loan and other receivables*

Management regularly reviews the impairment assessment and evaluates the ECL of the loan and other receivables. Appropriate loss allowance is recognised in profit or loss.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the one at the date of initial recognition. In making this assessment, the loan and other receivables are assessed individually by the management of the Group, based on the financial background, financial condition and the historical settlement records, including past due dates and default rates, of each borrower and reasonable and supportable forward-looking information such as macroeconomic data (for example, respective industry projected growth rates for certain borrowers) that is available without undue cost or effort.

Each borrower is assigned a risk grading under internal credit ratings to calculate the ECL, taking into consideration of the estimates of expected cash shortfalls which are driven by estimates of possibility of default and the amount and timing of cash flows that are expected from the foreclosure on the collaterals (if any) less the costs of obtaining and selling the collaterals. At every reporting date, the financial background, financial condition and the historical settlement records are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's loan receivables are disclosed in notes 32 and 21 respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

4. ACCOUNTING JUDGMENTS AND ESTIMATION UNCERTAINTIES (cont'd)

(e) *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 are stated at cost less accumulated depreciation and amortisation and impairment losses, if any. In determining whether an asset is impaired, the Group has to exercise judgment 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 cash generating unit 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 cash generating units, 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.

(f) *Estimated impairment of associates*

Determining whether impairment loss should be recognised/reversed requires an estimation of the recoverable amount of the relevant associate which is the higher of value in use and fair value less costs of disposal. The value in use calculation requires the management of the Group to estimate the present value of the estimated cash flows expected to arise from dividends to be received from the associate and the proceeds from the ultimate disposal of the investment taking into account factors, including discount rate, dividend payout rate, etc. In cases where the actual cash flows are less or more than expected, or change in facts and circumstances which result in revision of future cash flows estimation or discount rate, a material reversal or further recognition of impairment may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

5. REVENUE

Revenue of the Group comprises revenue from healthcare related services and money lending and related business activities. Disaggregation of revenue recognised during the year by category is as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts within the scope of HKFRS 15		
Healthcare related services		
Royalty fees	1,617	1,749
Healthcare income	7,637	25,617
	9,254	27,366
Revenue from other sources		
Money lending and related business activities		
Interest income on third party loans	17,591	17,864
Total revenue	26,845	45,230
Timing of revenue recognition within the scope of HKFRS 15		
A point in time		
Healthcare related services	7,637	25,617
Overtime		
Healthcare related services	1,617	1,749
	9,254	27,366

Healthcare related services – royalty fees

Royalty fees represent the royalties received for the use of a trademark and recognised over a period agreed under contracts. The royalty fees are recognised over the contract terms.

Revenue that is expected to be recognised in the future arising from contracts in existence at the reporting date is insignificant.

6. OTHER LOSSES, NET

	2024 HK\$'000	2023 HK\$'000
Net realised and unrealised foreign exchange loss	(2,512)	(3,904)
Net realised and unrealised valuation (loss)/gain on financial assets		
at fair value through profit or loss	(3,255)	1,699
Impairment loss on trademarks	–	(1,937)
Management fee income	526	–
Interest income	739	152
Loss on disposal of property, plant and equipment	(73)	–
Miscellaneous income	219	1,940
	(4,356)	(2,050)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

7. REVERSAL OF EXPECTED CREDIT LOSS/(EXPECTED CREDIT LOSS RECOGNISED), NET

Expected credit loss allowance reversed/(recognised) on:

	2024 HK\$'000	2023 HK\$'000
Loan receivables	(247)	(2,961)
Trade and other receivables	2,744	(7,052)
	<u>2,497</u>	<u>(10,013)</u>

8. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Finance costs		
Interest expenses on lease liabilities	<u>3,218</u>	<u>3,543</u>
Employee benefits expenses (including directors' emoluments)		
Salaries, wages and other benefits	10,340	18,890
Directors' emoluments	1,049	1,094
Retirement benefit scheme (excluding those of Directors)	52	55
	<u>11,441</u>	<u>20,039</u>
Other items		
Amortisation of intangible assets	1,656	2,788
Auditors' remuneration		
– audit services	1,700	1,650
– other services	50	50
Impairment loss on goodwill	23,473	–
Impairment loss on trademarks	–	1,937
(Reversal of expected credit loss)/expected credit loss recognised, net	(2,497)	10,013
Depreciation of property, plant and equipment	6,323	6,288
Lease payments not included in the measurement of lease liabilities	<u>207</u>	<u>161</u>

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss represents:

	2024	2023
	HK\$'000	HK\$'000
Current tax:		
Other jurisdictions	–	–
Deferred tax:		
Origination and reversal of temporary differences	(177)	1,821
	(177)	1,821

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year, except for subsidiary which is a qualifying corporation under the two-tiered Profits Tax rate regime. The first HK\$2 million of assessable profits is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

No Hong Kong profits tax has been provided for in the financial statements either because the Hong Kong subsidiaries have accumulated tax losses brought forward which exceed the estimated assessable profits or the Hong Kong subsidiaries sustained losses for both years.

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Company is exempted from taxation in the Cayman Islands for a period of twenty years from 1989 under the provisions of Section 6 of the Tax Concessions Law (Revised) of the Cayman Islands. The tax concession was renewed for a further period of twenty years from 2 June 2009.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

9. INCOME TAX (cont'd)

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2024 HK\$'000	2023 HK\$'000
Loss before taxation	(38,429)	(28,778)
Tax at Hong Kong tax rate of 16.5% (2023:16.5%)	(6,340)	(4,744)
Tax effect of non-taxable income	(2,270)	(13,900)
Tax effect of non-deductible expenses	7,415	21,737
Effect of different tax rates of subsidiaries operating in others jurisdictions	(1,335)	(1,529)
Tax effect of tax losses not recognised	2,769	5,375
Tax effect of utilisation of previously unrecognised tax losses	(1,580)	(6,726)
Others	1,164	1,608
Income tax (expense)/credit for the year	(177)	1,821

10. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2024			
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Executive Director				
Dong Wei (Chief Executive Officer)	649	–	–	649
Non-Executive Director				
He Mei	50	–	–	50
Independent Non-Executive Directors				
Yuen Kwok Kuen	180	–	–	180
Zhou Siqi	120	–	–	120
Li Jun	50	–	–	50
	1,049	–	–	1,049

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

10. DIRECTORS' REMUNERATION (cont'd)

	2023			
	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	Total HK\$'000
Executive Director				
Dong Wei (Chief Executive Officer)	666	–	–	666
Non-Executive Directors				
He Mei	50	–	–	50
Zhou Yuan (note (i))	28	–	–	28
Independent Non-Executive Directors				
Yuen Kwok Kuen	180	–	–	180
Zhou Siqi	120	–	–	120
Li Jun	50	–	–	50
	<u>1,094</u>	<u>–</u>	<u>–</u>	<u>1,094</u>

(i) Mr. Zhou Yuan has retired as director on 19 July 2023.

(ii) During the year, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office (2023: nil). None of the Chief Executive and Directors waived or agreed to waive any emoluments during the year (2023: nil).

The executive directors' emoluments were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments were for their services as directors of the Company.

The Group's contributions to the Group's defined contribution retirement benefit schemes (the "Schemes") vest fully and immediately with the employees. Accordingly, there was no forfeited contribution under the Schemes which may be used by the Group to reduce the contribution payable in the future years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

11. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2023: one) of them are directors whose emolument is disclosed in note 10. The aggregate of the emoluments in respect of the other four (2023: four) individuals are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other emoluments	<u>2,995</u>	<u>2,883</u>

The emoluments of the four (2023: four) individuals with the highest emoluments are within the following bands:

	2024 Number of individuals	2023 Number of individuals
HK\$Nil – HK\$1,000,000	<u>4</u>	<u>4</u>

12. LOSS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
Loss for the year attributable to owners of the Company	<u>(34,238)</u>	<u>(15,484)</u>

	2024 No. of shares	2023 No. of shares
--	-----------------------	-----------------------

Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share

<u>398,979,524</u>	<u>398,979,524</u>
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The calculation of the basic and diluted loss per share attributable to ordinary shareholders of the Company is based on loss for the year attributable to owners of the Company amounted to approximately HK\$34,238,000 (2023: HK\$15,484,000).

For the year ended 31 December 2024 and 2023, diluted loss per share equal basic loss per share as there was no dilutive potential share.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

13. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by products and services. The Group has identified the following four reportable segments based on the information that is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. No operating segments have been aggregated to form the following reportable segments.

- | | |
|---------------------------------------|---|
| – Investment holding: | This segment relates to investments in listed equity investments held as financial assets at fair value through profit or loss ("FVTPL"). Currently, the Group's equity investment portfolio includes equity securities listed on The Philippines Stock Exchange, Inc., The Stock Exchange of Hong Kong and The New York Stock Exchange. |
| – Healthcare: | This segment primarily derives the revenue from the provision of procurement, marketing and management services to the medical industry, sales of mask products, royalty fees from the licensing of trademarks as well as revenue from providing plastic surgery services generated from Shanghai hospital in PRC. Currently, the Group's activities in this segment are carried out in PRC, Hong Kong and Korea. |
| – Money lending and related business: | This segment primarily derives the revenue from the interests earned from the provision of loans to third parties, as well as referral and handling fees receivable for the provision of loan related services and the introduction of prospective lenders and borrowers. Currently, the Group's activities in this segment are carried out in PRC and Hong Kong. |
| – Hospitality: | This segment primarily derives the revenue from provision of procurement services relating to hospitality industry. |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

13. SEGMENT REPORTING (cont'd)

(a) *Segment results, assets and liabilities from continuing operations*

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of deferred tax assets. Segment liabilities include all current and non-current liabilities with the exception of provision for taxation.

Revenue and expenses are allocated to the reportable segments with reference to income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses include the Group's share of revenue and expenses arising from the activities of the Group's associates.

The measure used for reportable segment profit is "profit from operations". In addition to receiving segment information concerning profit from operations, management is provided with segment information concerning revenue, interest income, depreciation and amortisation, impairment losses, foreign exchange gain/loss, gain/loss on financial assets at FVTPL and additions to non-current segment assets used by the segments in their operations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

13. SEGMENT REPORTING (cont'd)

(b) Information about reportable segments

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below:

	Investment holding		Healthcare		Money lending and related business		Hospitality		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Disaggregated by timing of revenue recognition										
Point in time	-	-	7,637	25,617	-	-	-	-	7,637	25,617
Over time	-	-	1,617	1,749	-	-	-	-	1,617	1,749
Revenue from external customers	-	-	9,254	27,366	-	-	-	-	9,254	27,366
Interest income	739	152	-	-	17,591	17,864	-	-	18,330	18,016
Reportable segment revenue	739	152	9,254	27,366	17,591	17,864	-	-	27,584	45,382
Reportable segment (loss)/profit before taxation	(17,980)	(13,243)	(37,821)	(29,925)	17,582	14,234	(210)	156	(38,429)	(28,778)
Depreciation and amortisation	(917)	(647)	(7,062)	(8,429)	-	-	-	-	(7,979)	(9,076)
Impairment loss on trademarks	-	-	-	(1,937)	-	-	-	-	-	(1,937)
Impairment loss on goodwill	-	-	(23,473)	-	-	-	-	-	(23,473)	-
Net realised and unrealised valuation (loss)/gain on financial assets at FVTPL	(3,255)	1,699	-	-	-	-	-	-	(3,255)	1,699
Net realised and unrealised foreign exchange (loss)/gain	(3,043)	(4,829)	(295)	(116)	857	1,035	(31)	6	(2,512)	(3,904)
Additions to non-current assets	2,499	-	17	595	-	-	-	-	2,516	595
Reportable segment assets	77,196	93,782	28,358	64,465	146,960	135,546	6,776	7,340	259,290	301,133
Reportable segment liabilities	14,509	13,746	69,706	73,256	100	100	505	508	84,820	87,610

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

13. SEGMENT REPORTING (cont'd)

(c) Reconciliations of reportable segment assets and liabilities

	2024 HK\$'000	2023 HK\$'000
Assets		
Reportable segment assets	259,290	301,133
Deferred tax assets	1,644	1,821
Consolidated total assets	260,934	302,954
Liabilities		
Reportable segment liabilities	84,820	87,610
Provision for taxation	163	163
Consolidated total liabilities	84,983	87,773

(d) Geographical segments

The Group's investing activities and money lending and related business activities are mainly carried out in PRC and Hong Kong. Healthcare activities are carried out by subsidiaries based in PRC, Hong Kong and Korea.

In presenting information about the Group's revenue from operations, segment revenue in relation to investment holding is based on the geographical location of investments and segment revenue in relation to healthcare and money lending and related business are based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

13. SEGMENT REPORTING (cont'd)

(e) Geographical information

	2024	
	Revenue from external customers HK\$'000	Non-current assets HK\$'000
Hong Kong	16,230	4,162
PRC	8,982	76,294
Korea	1,633	5,691
	26,845	86,147
	2023	
	Revenue from external customers HK\$'000	Non-current assets HK\$'000
Hong Kong	16,383	4,002
PRC	27,098	110,320
Korea	1,749	7,378
	45,230	121,700

Major customer

Revenue from the largest customer of the money lending and related business segment (2023: Group's healthcare segment) amounted to approximately HK\$1,970,000 (2023: HK\$12,800,000) represents approximately 7% (2023: 28%) of the Group's total revenue.

Notes to the Consolidated Financial Statements

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14. PROPERTY, PLANT AND EQUIPMENT

	Leased properties HK\$'000	Plant, machinery and equipment HK\$'000	Leasehold improvement HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 January 2023	58,735	7,572	4,122	1,792	72,221
Additions	–	595	–	–	595
Disposal	–	(3,452)	–	–	(3,452)
Exchange adjustments	(1,247)	(65)	(90)	(24)	(1,426)
At 31 December 2023	57,488	4,650	4,032	1,768	67,938
At 1 January 2024	57,488	4,650	4,032	1,768	67,938
Additions	2,499	17	–	–	2,516
Disposal	–	(2,305)	–	–	(2,305)
Disposal of subsidiary (note 30)	–	–	–	(704)	(704)
Expiry of lease contract	(1,927)	–	–	–	(1,927)
Exchange adjustments	(1,914)	(124)	(139)	(37)	(2,214)
At 31 December 2024	56,146	2,238	3,893	1,027	63,304
Depreciation and impairment					
At 1 January 2023	13,660	5,737	1,354	711	21,462
Charge for the year	5,466	351	400	71	6,288
Disposal	–	(3,452)	–	–	(3,452)
Exchange adjustments	(258)	243	(28)	–	(43)
At 31 December 2023	18,868	2,879	1,726	782	24,255
At 1 January 2024	18,868	2,879	1,726	782	24,255
Charge for the year	5,612	252	390	69	6,323
Disposal	–	(2,218)	–	–	(2,218)
Disposal of subsidiary (note 30)	–	–	–	(704)	(704)
Expiry of lease contract	(1,927)	–	–	–	(1,927)
Exchange adjustments	(616)	207	(59)	(2)	(470)
At 31 December 2024	21,937	1,120	2,057	145	25,259
Net book value					
At 31 December 2024	34,209	1,118	1,836	882	38,045
At 31 December 2023	38,620	1,771	2,306	986	43,683

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Right-of-use assets

The analysis of the carrying amount of right-of-use assets by class of underlying asset is as follows:

	Note	2024 HK\$'000	2023 HK\$'000
Other properties leased for own use, carried at cost less depreciation	(i)	34,209	38,620

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 HK\$'000	2023 HK\$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Other properties leased for own use	5,612	5,466
Interest expenses on lease liabilities (note 8)	3,218	3,543

(i) Other properties leased for own use

The Group has obtained the right to use other properties as its office premise and hospital through tenancy agreements. The leases typically run for an initial period of 2.5 to 12 years (2023: 3 to 12 years).

During the year, additions to right-of-use assets were approximately HK\$2,499,000 (2023: HK\$nil). This amount primarily related to the capitalised lease payments payable under new tenancy agreement.

The total cash outflow for leases in 2024 was approximately HK\$10,848,000 (2023: HK\$8,765,000).

The maturity analysis of lease liabilities is set out in note 25.

Notes to the Consolidated Financial Statements

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15. INTANGIBLE ASSETS

	Trademarks HK\$'000	Customer contracts HK\$'000	Total HK\$'000
Cost			
At 1 January 2023	127,331	27,016	154,347
Exchange adjustments	148	31	179
At 31 December 2023	127,479	27,047	154,526
At 1 January 2024	127,479	27,047	154,526
Exchange adjustments	(731)	(156)	(887)
At 31 December 2024	126,748	26,891	153,639
Amortisation and impairment			
At 1 January 2023	115,288	27,016	142,304
Charge for the year	2,788	–	2,788
Impairment losses	1,937	–	1,937
Exchange adjustments	135	31	166
At 31 December 2023	120,148	27,047	147,195
At 1 January 2024	120,148	27,047	147,195
Charge for the year	1,656	–	1,656
Exchange adjustments	(700)	(156)	(856)
At 31 December 2024	121,104	26,891	147,995
Net book value			
At 31 December 2024	5,644	–	5,644
At 31 December 2023	7,331	–	7,331

The amortisation charge for the Group's trademarks and customer contracts are included in "administrative expenses" in the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

15. INTANGIBLE ASSETS (cont'd)

Trademark

For the purpose of impairment testing, the recoverable amount of these intangible assets were determined using value-in-use or fair value less costs of disposal.

The valuation is based on a five-year performance projection and certain key assumptions including growth rates, expected changes to revenue and direct cost and discount rates range during the projection period which is determined based on an estimated performance, management's expectations and future business plan. The discount rate used reflects specific risks relating to the business. Other key assumptions for the value-in-use calculations relate to the estimation of cash inflows/outflows which include budgeted income and gross profit margin. Such estimation is based on management's expectations.

The Group determined the recoverable amount of the trademarks based on its value in use calculation. The Company engaged Valtech Valuation Advisory Limited (the "Independent Valuer") to assist to determine the value in use of a CGU of the trademarks, as primarily represented by a registered DA trademark in the Korea to derive future royalty income in the Korea market, with key parameters including a discount rate of 19.97% (2023: 19.70%) by applying the modified capital asset pricing model and capitalisation rate of 17.97% (2023: 17.70%) on the pre-tax royalty income for the Korea healthcare business.

In determining the value in use of the DA trademark, the management had also taken into account the following factors, including the fact that the existing licensee of the DA trademark in Korea (the "DA Licensee") failed to settle the royalty fee to use the DA trademark and unauthorised use of DA trademark, a legal letter has been delivered to the DA Licensee to request for settlement of the unpaid royalty and cessation of the unauthorised use of the DA trademark, and the plan of the Company to commence an official legal claim on the aforesaid damages and losses in the civil court of Korea. Dr. Lee has contested the jurisdiction of the court, and as a result, the Company withdrew the lawsuit in March 2022 and the security deposit to the court was refunded in March 2023. Following the withdrawal, the Company shall proceed with preparing and filing a Notice of Arbitration in accordance with the HKIAC Administered Arbitration Rules (Article 4 of the Rules), however, a new arbitral proceeding is on hold at the moment after considering the overall economic benefits to the Group.

The valuation of the CGU of the DA Trademark is determined to be approximately US\$1,004,000 (2023: US\$1,063,000), equivalent to approximately HK\$7,794,000 (2023: HK\$7,331,000). Hence, no impairment losses was recognised (2023: recognised impairment losses of HK\$1,937,000) on trademarks during the year.

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16. GOODWILL

	HK\$'000
Cost	
At 1 January 2023	138,508
Exchange adjustments	(1,022)
At 31 December 2023 and 1 January 2024	137,486
Exchange adjustments	(2,439)
At 31 December 2024	135,047
Accumulated impairment losses	
At 1 January 2023, 31 December 2023, 1 January 2024	(80,101)
Impairment loss recognised	(23,473)
At 31 December 2024	(103,574)
Carrying amount	
At 31 December 2024	31,473
At 31 December 2023	57,385

Impairment testing for CGU containing goodwill

For the purpose of impairment testing, goodwill is allocated to CGU as follows:

	2024 HK\$'000	2023 HK\$'000
Healthcare business	31,473	57,385

In addition to goodwill, property, plant and equipment (including right-of-use assets) that generate cash flows together with the related goodwill are also included in the respective cash-generating unit for the purpose of impairment assessment.

During the year, the Group was experiencing significant drop in revenue due to downward trend of revenue from Shanghai Hospital which was attributed to the moderation of the macroeconomy of, and the continuous severe challenges posed to the business activities, in the PRC, leading to persistently weak consumer sentiment, affecting the demand for plastic surgery services and eventually, impacted on the financial performance of Shanghai Hospital. The recoverable amount of the CGU related to the Shanghai Hospital's healthcare business segment is determined based on value in use calculation which requires the use of assumptions. The calculation uses cash flow projections based on financial budgets approved by management of the Group covering a 10-years (2023: 10-years) period. Cash flows beyond the 6-years period are extrapolated using the estimated growth rate stated below. This growth rate does not exceed the average long-term growth rate included in industry reports specific to the industry in which this CGU operates. The cash flows projections, growth rates, gross margins and pre-tax discount rates at 31 December 2024 and 2023 have been reassessed taking into consideration high degree of estimation uncertainties due to uncertain macroeconomic environment.

Notes to the Consolidated Financial Statements

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16. GOODWILL (cont'd)

The following table sets out the key assumptions for the CGU related to the Shanghai Hospital's healthcare business segment:

	2024 %	2023 %
Long term revenue growth rate	2.0	2.0
Pre-tax discount rate	16.5	17.2

Pre-tax discount rate reflects the current market assessment of the time value of money and the risks specific to this CGU.

The long-term revenue growth rate is reference to the inflation rate on average consumer prices in China.

Based on the result of the assessment, an impairment loss of HK\$23,473,000 (2023: HK\$Nil) is recognised for CGU related to the Shanghai Hospital's healthcare business segment and is included in the consolidated statement of profit or loss. No class of asset other than goodwill was impaired.

As the CGU related to the Shanghai Hospital's healthcare business segment has been reduced to its recoverable amount of HK\$91,899,000 at 31 December 2024 (2023: HK\$78,244,000), any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment loss. If the discount rate is increased to 1% (2023: 1%), while other parameters remain constant, the recoverable amount of CGU related to the Shanghai Hospital's healthcare business segment would be reduced to HK\$86,183,000 (2023: HK\$72,169,000) and a further impairment of goodwill and/or other assets in this CGU of HK\$5,716,000 (2023: HK\$6,075,000) would be recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

17. INTERESTS IN ASSOCIATES

	2024 HK\$'000	2023 HK\$'000
Cost of investment in associates	6,686	6,686
Share of post-acquisition profits and other comprehensive income, net of dividends received	32	46
Share of exchange reserve	(363)	(136)
	6,355	6,596

Details of the Group's interests in the associates are as follows:

Name of associate/ Principal activities	Form of business structure	Place of incorporation and operation	Issued and paid up capital	Proportion of ownership interest and voting rights			
				2024		2023	
				Group's effective interest %	Held by subsidiary %	Group's effective interest %	Held by subsidiary %
Star Time Limited (Dormant)*	Incorporated	Hong Kong	HK\$18,180	–	–	45	45
北京玖英特醫療科技有限公司 (Provision of healthcare business)	Incorporated	PRC	RMB12,500,000	20	20	20	20

* The Company was being dormant before disposal on 27 May 2024.

All of the above associates are accounted for using the equity method in the consolidated financial statements. None of the associates are individually material to the Group. Aggregate information of the associates that are not individually material, is as follows:

	2024 HK\$'000	2023 HK\$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	6,355	6,596
Aggregate amounts of the Group's share of the results of those associates: Loss from continuing operations	(14)	(365)

Notes to the Consolidated Financial Statements

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18. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Finished goods	798	801

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 HK\$'000	2023 HK\$'000
Carrying amount of inventories sold	5,607	17,285

19. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables (note (i))	7,960	13,188
Less: Allowance for expected credit loss	(4,021)	(6,801)
	3,939	6,387
Interest receivables (note (i))	8,196	8,439
Less: Allowance for expected credit loss	(399)	(402)
	7,797	8,037
Other receivables and deposits	2,344	1,528
Prepayments (note (ii))	8,288	11,427
Trade and other receivables	22,368	27,379
Analysed as:		
Non-current	2,986	4,884
Current	19,382	22,495
	22,368	27,379

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19. TRADE AND OTHER RECEIVABLES (cont'd)

(i) Ageing analysis

Trade receivables are due within 30 days from the date of invoice. Further details on the Group's credit policy and credit risk arising from trade receivables is set out in note 32.

As of the end of the reporting period, the ageing analysis of trade receivables and interest receivables (net of allowance for expected credit loss) based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
Less than 1 month	11,675	8,365
1 to 3 months	8	812
More than 3 months but less than 12 months	–	993
More than 12 months	53	4,254
	11,736	14,424

(ii) Prepayments

Prepayments mainly consist of professional fees of approximately HK\$3,546,000 (2023: HK\$5,350,000) paid in advance to business consultants who provide advisory services on the businesses of the Group.

Details of impairment assessment of trade and other receivables are set out in note 32(a).

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Financial assets mandatorily measured at FVTPL		
– Equity securities listed outside Hong Kong	2,571	5,843
– Equity securities listed in Hong Kong	7	12
	2,578	5,855

21. LOAN RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Loans to third parties	197,305	200,760
Less: Allowance for expected credit loss	(69,744)	(69,536)
	127,561	131,224
Analysed as:		
Secured	37,921	53,787
Unsecured	89,640	77,437
	127,561	131,224

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21. LOAN RECEIVABLES (cont'd)

The reason for granting the loans by the Group is because it would help enhance the efficiency in the use of the Group's working capital and that it would be beneficial to the Group in terms of generating cashflow stream from expected interest income.

Before granting loans to potential borrowers, the Group performs internal credit assessment process to assess the potential borrowers' credit quality individually and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment includes evaluation of collectability, aging analysis of account and current creditworthiness, collateral and past collection history of each borrower under the Group's credit risk rating system.

In determining the recoverability of the loan receivables on a collective basis, the Group considers any change in the credit quality of the loan receivables from the date the credit was initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions.

At the end of each reporting date, the Group's loan receivables were individually and collectively assessed for impairment.

One of the loans to third parties of approximately HK\$100,900,000 (2023: approximately HK\$101,500,000) which is secured by a pledge of properties owned by two individuals who have also extended personal guarantees in favour of the borrower. On 12 February 2020, the aforesaid outstanding amount has fallen due. However, the borrower informed the Company that it was unable to repay the said principal amount and the accrued interest at the repayment date, which constituted a default in repayment of the principal amount and accrued interest. On 5 March 2020, the borrower, through its PRC agent, paid a sum of RMB16,000,000 (equivalent to approximately HK\$17,600,000) to a wholly-owned subsidiary of the Company incorporated in the PRC as partial repayment ("Repayment 1"). On 6 March 2020, one of the personal guarantor ("1st Guarantor") paid a sum of HK\$33,000,000 to the Company as partial repayment ("Repayment 2"). Taking into account of Repayment 2 is not lower than the estimated market value of 1st Guarantor's residential property in Hong Kong as secured under the second legal charge, on 15 March 2020, instead of exercising the second legal charge, the Company entered into a deed of partial release to release the second legal charge over the residential property in Hong Kong charged by the 1st Guarantor under the second legal charge in favour of the Company. The remaining amount after the settlement of Repayment 1 and Repayment 2 was fully recognised for expected credit loss.

In order to recover the outstanding amount of the facility, the Company has commenced bankruptcy proceedings against the 1st Guarantor on 2 July 2021, and subsequently, bankruptcy order has then been granted against the 1st Guarantor on 19 April 2022. A Proof of debt was submitted on 19 May 2022, and the total amount of claim (including any outstanding uncapitalised interest as at the date of bankruptcy order) was approximately USD 12,000,000. The Official Receiver was appointed as the trustee of the property and estate of the Bankrupt (the "Trustee"). On 25 November 2022, the Trustee adjudicated the Company's proof of debt and declared that a sum of approximately HK\$95,000,000 was admitted as the petitioner's claim. Subsequently, on 20 January 2023, the Trustee distributed a sum of approximately HK\$2,000 as first and final dividend to the Company.

In addition, the Company has commenced an action against Mr. Zhang Shihong ("2nd Guarantor") for an order for possession of a pledged property and served the Originating Summons dated 9 January 2024 on the 2nd Guarantor on 10 January 2024. The legal proceedings are still on-going and a date for substantive hearing has yet been fixed.

The loans bear interest at rates ranging from 12% to 18.5% (2023: 12% to 18.5%) per annum, and are repayable within one year.

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21. LOAN RECEIVABLES (cont'd)

As at 31 December 2024, there were twelve borrowers arising from its money lending and related business segment as shown below:

Corporate Borrowers	Interest rate (per annum)	Terms	Collaterals	Principal (HK\$'000)	Expected credit loss (HK\$'000)	Principal-net balance (HK\$'000)
Borrower 1	13%	1 year	Pledge of shares of a private PRC company with market value of approximately RMB16,213,000	14,750	(747)	14,003
Borrower 2	13%	1 year	N/A	14,750	(340)	14,410
Borrower 3	13%	1 year	N/A	14,750	(992)	13,758
Borrower 4	13%	1 year	N/A	10,868	(730)	10,138
Borrower 5	13.5%	1 year	N/A	8,151	(548)	7,603
Borrower 6	13.5%	1 year	N/A	9,781	(64)	9,717
Borrower 7	13%	1 year	Pledge of shares of a limited partnership with market value of approximately HKD25,000,000	14,746	(1,462)	13,284
Borrower 8 ^{Note 2}	14%	1 year	Pledge of shares of a PRC limited partnership with market value of approximately RMB10,000,000	10,634	–	10,634
Borrower 9 ^{Note 1}	(i) 12% starting from and including 12 November 2018 up to and including 11 November 2019 (ii) 18.5% starting from and including 12 November 2019 up to and including 12 February 2020	15 Months from the date of facility agreement	(i) Pledge of properties in Hong Kong and PRC (ii) Personal guarantees provided by Mr. Li Ming and Mr. Zhang Shihong	62,778	(62,778)	–
Borrower 10	12%	1 year	N/A	7,763	(179)	7,584
Borrower 11	13%	1 year	N/A	14,361	(965)	13,396
Borrower 12	13%	1 year	N/A	13,973	(939)	13,034
TOTAL				197,305	(69,744)	127,561

Note 1: Refer to above for the details of the loan.

Note 2: The borrower and the ultimate holding company, Ningxia Tianyuan Manganese Industry Group Co., Ltd are the limited partners in a limited partnership established and registered under the laws of the PRC and the loan was introduced by the previous executive director, Mr. Wang Huabing.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

21. LOAN RECEIVABLES (cont'd)

The followings are the independent assessment performed on loan applications before the loans are granted: –

- i) the directors have carried out interview with potential clients to understand their principal activities, purpose of the loan and future plans of corporate borrowers.
- ii) management accounts were obtained in order to analyze on financial status of the borrowers. Audited accounts were also obtained if it is required under statutory requirements.
- iii) statutory documents, e.g., incorporation and business registration documents were obtained and bankruptcy/litigation searches were performed for corporate borrowers to carry out background checking and understanding the credit and repayment history of the borrowers.
- iv) declaration of anti-money laundering was obtained from the borrowers to confirm their compliance on the relevant rules.
- v) the above documents and findings were considered by the Board of Directors when considering approval and extension of the loans.
- vi) if the directors have considered to obtain collaterals for the loans, market value of the pledged collaterals were obtained from independent and reliable sources. The collaterals were required from the borrowers if there was no guarantee provided and the net assets value of the corporate borrowers was below the principal amount. The terms of loans were then be determined depending on the existence and value of pledged collaterals.

The above information and documents were passed to the Board of Directors for assessment, approval and reporting of the provision and extension of external loans.

In order to have a continuous monitoring on loan receivables, a table of loans and interest receivables were prepared to keep track on the outstanding balances, which included details of interest rates, principal amounts, pledged assets (if any), repayment schedule etc. The market value of the pledge assets was updated quarterly. Such table was also provided to the management quarterly for reviewing the recovery process and contacted the respective debtors in advance for repayment in order to minimize the irrecoverability problem. When the balances were due, letters of demand were sent to borrowers to remind for the payments.

In case the overdue balances were still not yet repaid, the letters of demand were sent to the borrowers once per three months. Management was responsible for reviewing the whole follow up process and considered to execute any legal actions if necessary. The legal actions would be taken if the overdue balances were remain unsettled over half years after the letters of demands were sent.

Besides, the Company had kept track on the market value of the pledged assets. In case of the market value of the pledged assets almost falling below the outstanding amount owed by the borrower, the Company will request the borrowers to increase its security, and in the event that the outstanding amount owed by the borrower has been long overdue and the intention of repayment of the borrower is weak, file litigation against the guarantors and/or borrowers to execute the security pledged.

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22. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2024 HK\$'000	2023 HK\$'000
Deposits with bank	19,772	6,246
Cash at bank and on hand	4,696	14,633
Cash and cash equivalents in the consolidated statement of financial position	24,468	20,879
Bank overdrafts (see note 24)	(154)	–
Cash and cash equivalents in the consolidated statement of cash flows	24,314	20,879

Cash of banks loans interest at floating rates based on daily bank deposit rates. Deposits with banks are made for varying periods of less than three months depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flow as cash flows from financing activities.

	Lease liabilities HK\$'000 (note 25)
At 1 January 2024	45,906
Changes from financing cash flows:	
Finance costs	(3,218)
Payment for lease liabilities	(7,630)
Total changes from financing cash flows	(10,848)
Other Changes:	
Increase in lease liabilities from new leases entered	2,499
Interest expenses on lease liabilities	3,218
	5,717
At 31 December 2024	40,775

Notes to the Consolidated Financial Statements

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22. CASH AND CASH EQUIVALENTS (cont'd)

(b) Reconciliation of liabilities arising from financing activities (cont'd)

	Lease liabilities HK\$'000 (note 25)
At 1 January 2023	51,128
Changes from financing cash flows:	
Finance costs	(3,543)
Payment for lease liabilities	(5,222)
Total changes from financing cash flows	(8,765)
Other Changes:	
Interest expenses on lease liabilities	3,543
	3,543
At 31 December 2023	45,906

23. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	3,685	4,326
Other payables and accrued charges (note (iii))	40,206	37,378
	43,891	41,704

(i) All of the trade and other payables are expected to be settled within one year.

(ii) As of the end of the reporting period, the ageing analysis of trade payables based on due date is as follows:

	2024 HK\$'000	2023 HK\$'000
Due within 1 month or on demand	189	735
Due 1 to 3 months	18	542
Due over 3 months but less than 12 months	1,761	3,049
Due over 12 months	1,717	–
	3,685	4,326

(iii) Other payables and accrued charges included amounts due to a former director, Mr. Jiang Yulin of HK\$7,000,000 (2023: HK\$7,000,000), who tendered his resignation on 16 March 2020.

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24. BANK OVERDRAFTS

	2024 HK\$'000	2023 HK\$'000
Bank overdrafts	154	–

Bank overdrafts carry interest rates at 15.5% (2023: nil).

25. LEASE LIABILITIES

At 31 December 2024 and 31 December 2023, the lease liabilities are payable as follows:

	2024 HK\$'000	2023 HK\$'000
Within one year	5,044	4,318
Within a period of more than one year but not more than five years	17,590	16,975
More than five years	18,141	24,613
	40,775	45,906
Less: Amount due from settlement within 12 months shown under current liabilities	(5,044)	(4,318)
Amount due for settlement after 12 months shown under non-current liabilities	35,731	41,588

26. DEFERRED TAX

(a) *Deferred tax assets not recognised*

The following temporary differences have not been recognised:

Deferred tax assets have not been recognised in respect of unutilised tax losses and other temporary differences because it is not probable that future taxable profits will be available against which the Group can utilise the benefits.

Unrecognised tax losses amounting to HK\$56,500,000 (2023: HK\$39,800,000) have expiry dates between 1 to 5 years. Unrecognised tax losses amounting to approximately HK\$72,100,000 (2023: HK\$72,400,000) have expiry dates of more than 5 years. The earliest expiry date is on 31 December 2030 and the latest expiry date is on 31 December 2037. The remaining unrecognised tax losses amounting to approximately HK\$109,600,000 (2023: HK\$109,500,000) do not expire under the tax legislations of the respective jurisdiction.

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For the year ended 31 December 2024

26. DEFERRED TAX (cont'd)

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax (liabilities)/assets	Right-of-use assets HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2023	(12,688)	12,688	–
Charge to profit or loss	3,069	(1,248)	1,821
At 31 December 2023	(9,619)	11,440	1,821
Charge to profit or loss	1,238	(1,415)	(177)
At 31 December 2024	(8,381)	10,025	1,644

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 HK\$'000	2023 HK\$'000
Net deferred tax asset recognised in the consolidated statement of financial position	1,644	1,821
Net deferred tax liability recognised in the consolidated statement of financial position	–	–
	1,644	1,821

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27. CAPITAL AND RESERVES

- (a) The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2023	398,980	20,663	676	(211,417)	208,902
Changes in equity for 2023:					
Loss for the year	–	–	–	(144,583)	(144,583)
Total comprehensive income for the year	–	–	–	(144,583)	(144,583)
Balance at 31 December 2023	398,980	20,663	676	(356,000)	64,319

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 January 2024	398,980	20,663	676	(356,000)	64,319
Changes in equity for 2024:					
Loss for the year	–	–	–	(9,781)	(9,781)
Total comprehensive income for the year	–	–	–	(9,781)	(9,781)
Balance at 31 December 2024	398,980	20,663	676	(365,781)	54,538

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27. CAPITAL AND RESERVES (cont'd)

(b) Share capital

(i) Authorised and issued share capital

	2024		The Company	
	No. of shares (‘000)	HK\$’000	No. of shares (‘000)	HK\$’000
Authorised:				
Ordinary shares of HK\$1 each	2,720,615	2,720,615	2,720,615	2,720,615
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	398,980	398,980	398,980	398,980

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company’s residual assets.

(ii) Purchase of own shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the years ended 31 December 2024 and 31 December 2023.

Notes to the Consolidated Financial Statements

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27. CAPITAL AND RESERVES (cont'd)

(c) Nature and purpose of reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share premium	20,663	20,663	20,663	20,663
Capital redemption reserve	676	676	676	676
Exchange reserve	1,449	2,792	–	–
Accumulated losses	(227,086)	(192,848)	(365,781)	(356,000)
	(204,298)	(168,717)	(344,442)	(334,661)

(i) Share premium

Share premium reserves represents the difference between the par value and the fair value of the issued shares.

(ii) Capital redemption reserve

Capital redemption reserve represents the nominal value of the shares repurchased which have been paid out of the distributable reserves of the Company.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met. The reserve is dealt with in accordance with the accounting policy set out in note 3(y).

(d) Distributability of reserves

At 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK\$nil (2023: HK\$nil).

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27. CAPITAL AND RESERVES (cont'd)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. It is the Group's strategy to keep the adjusted net debt-to-capital ratio as low as feasible. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

	31 December 2024 HK\$'000	31 December 2023 HK\$'000
Net debt		
Cash and cash equivalents	24,468	20,879
Lease liabilities	(40,775)	(45,906)
Net debt	N/A	N/A
Total equity	175,951	215,181
Net debt to equity ratio	N/A	N/A

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

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28. NON-CONTROLLING INTERESTS

The following subsidiaries have non-controlling interests ("NCI") that are material to the Group:

Name	Principal place of business	Operating Segment	Ownership interest held by NCI	
			2024	2023
Chancery subgroup*	PRC	Healthcare	39%	39%
PRIP subgroup**	Hong Kong	Healthcare	49%	49%

* Chancery subgroup consists of Chancery Limited and its subsidiaries, including Shanghai Yuyue Weilai Healthcare Beauty Hospital Limited (collectively known as "CHANCERY").

** PRIP subgroup consists of PRIP Communications Limited and its wholly-owned subsidiary (collectively known as "PRIP").

The summarised financial information for the above subsidiaries are prepared in accordance with HKFRS, modified for fair value adjustments on acquisition and before any inter-company elimination.

	PRIP HK\$'000	CHANCERY HK\$'000
2024		
Current assets	16,565	5,071
Non-current assets	106	141,184
Current liabilities	(326)	(128,703)
Non-current liabilities	(17,741)	(8,048)
Net assets/(liabilities)	(1,396)	9,504
NCI of subsidiaries	–	35,753
Net assets/(liabilities) attributable to equity shareholders	(1,396)	45,257
Net assets/(liabilities) attributable to NCI	(684)	17,706
Add: NCI of subsidiaries (as above)	–	(35,753)
Total net assets/(liabilities) attributable to NCI	(684)	(18,047)
Revenue	1,632	7,519
Profit/(loss) for the year attributable to equity shareholders	599	(7,692)
Profit/(loss) for the year attributable to NCI	575	(4,943)
Cash flows generated from/(used in) operating activities	5,512	(1,420)
Cash flows generated from/(used in) investing activities	–	(595)
Cash flows generated from/(used in) financing activities	(5,360)	1,716

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28. NON-CONTROLLING INTERESTS (cont'd)

	PRIP HK\$'000	CHANCERY HK\$'000
2023		
Current assets	13,537	7,734
Non-current assets	132	148,641
Current liabilities	(172)	(130,367)
Non-current liabilities	(17,833)	(9,548)
Net assets/(liabilities)	(4,336)	16,460
NCI of subsidiaries	–	31,861
Net assets/(liabilities) attributable to equity shareholders	(4,336)	48,321
Net assets/(liabilities) attributable to NCI	(2,126)	18,905
Add: NCI of subsidiaries (as above)	–	(31,861)
Total net assets/(liabilities) attributable to NCI	(2,126)	(12,956)
Revenue	1,749	25,617
Profit/(loss) for the year attributable to equity shareholders	(5,584)	(9,492)
Profit/(loss) for the year attributable to NCI	(5,372)	(6,101)
Cash flows generated from/(used in) operating activities	2,664	(9,856)
Cash flows generated from/(used in) investing activities	–	(595)
Cash flows generated from/(used in) financing activities	(2,766)	10,682

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29. PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company name/Principal activities	Place of incorporation and operation	Particulars of issued and paid up capital	Group's effective interest %	Proportion of ownership interest				
				2024		Group's effective interest %	2023	
				Held by Company %	Held by subsidiary %		Held by Company %	Held by subsidiary %
SWAN Holdings Limited (Investment holding)	Bermuda	33,345,333 shares of US\$1 each	100	100	–	100	100	–
SWAN USA, Inc. (Investment holding)	United States of America	100 common stocks of US\$0.01 each	100	–	100	100	–	100
PRIP Communications Limited (Provision of healthcare related services)	Hong Kong	1,333,172 shares	51	51	–	51	51	–
DIAM Holdings Co., Ltd. (Provision of healthcare related services)	Korea	40,000 shares of KRW5,000 each	51	–	100	51	–	100
Delightful Aesthetics Investment Limited (Investment holding and provision of money lending and related business)	Hong Kong	10,000 shares	100	100	–	100	100	–
珠海橫琴天醫醫療管理有限公司 (Provision of healthcare related services)	PRC	RMB20,000,000	100	–	100	100	–	100
上海愉悅薇萊醫療美容醫院有限公司 (Provision of healthcare related services)	PRC	RMB2,800,000	61	–	61	61	–	61

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30. DISPOSAL OF A SUBSIDIARY

On 27 May 2024 the Group disposed of its entire 100% interest in CDL Nominees Limited together with its associated company, Star Time Limited, (together as the “Disposal Group”) to an independent third party at nil consideration. The disposal was completed on 27 May 2024.

The net assets of CDL Nominees Limited at the date of disposal were as follows:

	HK\$'000
Property, plant and equipment (see note 14)	–
Interests in associate (see note 17)	–
Net assets disposed of	–
Cash received	–
Net assets disposed of	–
Gain on disposal of subsidiary	–
Net cash inflow arising on disposal of subsidiary:	
Consideration received in cash and cash equivalents	–

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31. FINANCIAL INSTRUMENTS BY CATEGORY

An analysis of the Group's financial instruments is set out below:

	Notes	Amortised cost HK\$'000	Financial assets at FVTPL HK\$'000	Liabilities at amortised cost HK\$'000
2024				
Assets				
Trade and other receivables, excluding prepayments	19	14,080	–	–
Financial assets at FVTPL	20	–	2,578	–
Loan receivables	21	127,561	–	–
Cash and cash equivalents	22	24,468	–	–
		166,109	2,578	–
Liabilities				
Trade and other payables	23	–	–	43,891
Bank overdrafts	24	–	–	154
Lease liabilities	25	–	–	40,775
		–	–	84,820
	Notes	Amortised cost HK\$'000	Financial assets at FVTPL HK\$'000	Liabilities at amortised cost HK\$'000
2023				
Assets				
Trade and other receivables, excluding prepayments	19	15,952	–	–
Financial assets at FVTPL	20	–	5,855	–
Loan receivables	21	131,224	–	–
Cash and cash equivalents	22	20,879	–	–
		168,055	5,855	–
Liabilities				
Trade and other payables	23	–	–	41,704
Lease liabilities	25	–	–	45,906
		–	–	87,610

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32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables (including loan receivables). Management has a credit risk management policy under which individual credit evaluations are performed and the exposures to these credit risks are monitored on an ongoing basis. For loan receivables, the management has also assessed whether the borrowers have satisfactory credit quality with reference to financial background, current creditworthiness, collateral and past payment of each borrower.

Trade receivables and loan receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 66% (2023: 60%) and 87% (2023: 80%) of the total trade receivables was due from the Group's largest customer and the five largest customers, respectively, within the hospitality business, healthcare business and money lending and related business segments.

At the reporting date, the Group has significant concentration of credit risk on its loan receivables from eleven (2023: eleven) borrowers arising from its money lending and related business segment. 11% (2023: 11%), amounted to approximately HK\$14,410,000 (2023: HK\$14,735,000) and 54% (2023: 55%), amounted to approximately HK\$68,851,000 (2023: HK\$71,906,000) of loan receivables was due from the Group largest borrower and the five largest borrowers, respectively. Except for these receivables, there was no significant concentration of credit risk.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 1 month from the date of invoice. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk (cont'd)

Loan and related interest receivables

The following table provides information about the Group's exposure to credit risk and ECLs for loan and related interest receivables as at 31 December 2024.

	Loan receivables			Loan related interest receivables		
	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Expected loss rate %	Gross carrying amount HK\$'000	Loss allowance HK\$'000
Current (not past due)	5%	134,527	(6,966)	5%	8,151	(399)
1 to 3 months past due	–	–	–	–	–	–
3 to 12 months past due	100%	62,778	(62,778)	–	–	–
		<u>197,305</u>	<u>(69,744)</u>		<u>8,151</u>	<u>(399)</u>

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment includes evaluation of collectability, aging analysis of account and current creditworthiness, collateral and past collection history of each borrower under the Group's credit risk rating system.

In determining the recoverability of the loan receivables on a collective basis, the Group considers any change in the credit quality of the loan receivables from the date the credit was initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions.

The total carrying amount of the loan receivables amounted to approximately HK\$127,561,000 (2023: HK\$131,224,000) at the end of the reporting period. The Group considered the secured loans of approximately HK\$37,921,000 (2023: HK\$53,787,000) are recoverable given the fair values of the collaterals are sufficient to cover the entire secured loan receivables collectively. As for the unsecured and guaranteed loans of approximately HK\$89,640,000 (2023: HK\$77,437,000), the Group considered the amounts are recoverable as the loans were borrowed by borrowers with good credit history in general. Impairment allowances on outstanding loan receivables are determined by an evaluation of financial background, as well as financial condition of the borrower and the anticipated receipts for that individual loan, at the end of the reporting period.

The directors of the Company are responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In view of the above, the directors of the Company consider that the Group's credit risk is significantly reduced.

In determining the ECL of the Group's loan and related interest receivables, the management assessed the expected losses individually by estimation based on general economic conditions of the relevant industry in which the debtors operate, value of any pledged assets, financial position of the debtors and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk (cont'd)

Loan and related interest receivables (cont'd)

The movements in the allowance for impairment loss during the year are as follows:

	2024 HK\$'000	2023 HK\$'000
At 1 January	69,938	66,725
Impairment losses recognised during the year	247	3,211
Exchange adjustments	(42)	2
At 31 December	70,143	69,938

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2023	3,947	62,778	66,725
Changes due to financial instruments recognised at 1 January 2023			
– Impairment losses recognised	4,804	–	4,804
– Impairment losses reversed	(1,593)	–	(1,593)
	3,211	–	3,211
Exchange adjustments	2	–	2
At 31 December 2023 and 1 January 2024	7,160	62,778	69,938
Changes due to financial instruments recognised at 1 January 2024			
– Impairment losses recognised	1,144	–	1,144
– Impairment losses reversed	(897)	–	(897)
	247	–	247
Exchange adjustments	(42)	–	(42)
At 31 December 2024	7,365	62,778	70,143

As at reporting date, the Group has received approximately HK\$nil (2023: HK\$2,000) from a credit-impaired loan and related interest receivables recognised with ECLs allowance of HK\$62,778,000 (2023: HK\$62,778,000) which is secured by pledge of properties. The Group has commenced an action against the 2nd Guarantor for recovering the remaining portion of the loan receivable (see note 21). In the opinion of the management, the risk of default of the counter party of the respective loan receivables is significant and accordingly, the remaining portion of the loan receivable is credit-impaired.

The Group has recognised allowance for ECLs for the other loan and interest receivables based on 12-month ECL and impairment of HK\$7,365,000 (2023: HK\$7,160,000) is recognised as at 31 December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(a) Credit risk (cont'd)

Other receivables and prepayments

For other receivables and prepayments, the directors of the Company make periodic individual assessment on the recoverability of other receivables and prepayments based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. During the year, the directors of the Company believe that there was no significant increase in credit risk of these amounts and no impairment was recognised for both 2024 and 2023.

Trade receivables

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for trade receivable because these consist of a large number of receivables with common risk characteristics that are representative of the counterparties' abilities to pay all amounts due in accordance with the contractual terms. Debtors with significant outstanding balances or credit-impaired as at 31 December 2024 and 31 December 2023 were assessed individually. The Directors have also assessed all available forward looking information, including but not limited to expected growth rate of the industry and changes in regulatory and economic environment. At 31 December 2024, trade receivables of aggregate gross carrying amount of HK\$7,960,000 (2023: HK\$13,188,000) were consider as long period past due but received repayment during the year and a corresponding impairment allowance of HK\$2,744,000 (2023: recognised impairment allowance of HK\$6,801,000) was reversed for the year ended 31 December 2024.

Cash and cash equivalents

Cash and deposits are placed with banks and financial institutions which are regulated. Impairment on cash and deposits have been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and deposits have low credit risk based on the credit ratings assigned by international credit-rating agencies. The amount of the allowance on cash and deposits was negligible.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The total contractual undiscounted cash flows of the Group's non-derivative financial liabilities are the same as their carrying amounts as their remaining contractual maturities are within one year.

The following table sets out the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates prevailing at the end of the reporting period) and the earliest date the Group can be required to pay:

	Weighted average effective interest rate	Contractual undiscounted cash outflows				Carrying amount HK\$'000
		Within	More than			
		1 year or	1 year but	After		
		on demand	less than	5 years	Total	
		HK\$'000	5 years HK\$'000	5 years HK\$'000	HK\$'000	
Non-derivative contractual liabilities						
2024						
Trade and other payables		(43,891)	-	-	(43,891)	(43,891)
Bank overdrafts	15.5%	(154)	-	-	(154)	(154)
Lease liabilities	7.81%	(7,922)	(26,169)	(21,006)	(55,097)	(40,775)
		(51,967)	(26,169)	(21,006)	(99,142)	(84,820)

		Contractual undiscounted cash outflows				
	Weighted average effective interest rate	Within 1 year or on demand HK\$'000	More than 1 year but less than 5 years HK\$'000	After 5 years HK\$'000	Total HK\$'000	Carrying amount HK\$'000
Non-derivative contractual liabilities						
2023						
Trade and other payables		(41,704)	–	–	(41,704)	(41,704)
Lease liabilities	7.68%	(7,505)	(26,446)	(28,377)	(62,328)	(45,906)
		(49,209)	(26,446)	(28,377)	(104,032)	(87,610)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from its lease liabilities which are pegged at fixed rates.

Interest rate profile

The weighted average effective interest rates per annum relating to the lease liabilities at the end of the reporting period is 7.81% (2023: 7.68%).

(d) Currency risk

The Group is exposed to foreign currency risk through deposits and withdrawals of fixed deposits, sales and purchases of the financial assets at FVTPL, and loan receivables that are denominated in a currency other than the functional currency of the entities to which they relate. In addition, the Company has intra-group balances with several subsidiaries denominated in foreign currencies which also expose the Group to foreign currency risk. The currencies giving rise to these risks are mainly the Singapore Dollar, Philippine Peso, Renminbi, South Korean Won, and US Dollar.

When necessary, the Group uses forward exchange contracts to hedge its specific currency risks. However, forward exchange contracts that do not qualify for hedge accounting are accounted for as trading instruments. As at the reporting date, the Group had no outstanding forward exchange contracts.

(i) Recognised assets and liabilities

In respect of receivables and payables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level.

All of the Group's borrowings are denominated in the functional currency of the entity taking out the loan or, in the case of group entities whose functional currency is Hong Kong dollars, in either Hong Kong dollars or United States dollars. Accordingly, management does not expect that there will be any significant currency risk associated with the Group's borrowings.

(ii) Exposure to foreign currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the group entities to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the end of the reporting period. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency is excluded.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(d) Currency risk (cont'd)

(iii) Sensitivity analysis

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date. The analysis assumes that all other variables, in particular, interest rates, remain constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

A 10% (2023: 10%) strengthening of the following foreign currencies against the functional currency of each of the Group's entities at the end of the reporting period would impact the Group's loss after tax and accumulated losses by the amounts shown below. There is no impact on the other components of consolidated equity. A similar 10% weakening of the foreign currencies would have an equal but opposite effect.

	Decrease in loss after tax and decrease in accumulated losses 2024 HK\$'000	Decrease in loss after tax and decrease in accumulated losses 2023 HK\$'000
Singapore Dollar	1	1
Philippine Peso	16	27
Renminbi	2,147	(1,293)
South Korean Won	(1)	–
US Dollar	27,238	14,697

Results of the analysis as presented in the above table represent the effect of the Group's loss after tax and accumulated losses measured in the respective foreign currencies, translated into Hong Kong dollar at the exchange rate ruling at the end of the reporting period for presentation purposes.

The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2023.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets at FVTPL (see note 20).

The Group's listed equity investments are listed on The Philippines Stock Exchange, Inc., The Stock Exchange of Hong Kong and The New York Stock Exchange. Decisions to buy or sell financial assets at FVTPL are based on daily monitoring of the performance of individual securities compared to other industry indicators, as well as the Group's liquidity needs.

In respect of the Group's equity investments listed on The Philippines Stock Exchange, Inc., The Stock Exchange of Hong Kong and The New York Stock Exchange, based on the historical trend analysis, management does not expect significant equity price movements on this investment and hence, it is not expected to have any significant impact on the Group's loss after tax, retained earnings and equity, assuming that all other variables remain constant.

The sensitivity analysis has been determined assuming that the reasonably possible changes in stock prices, net asset values or other risk variables had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. The stated changes represent management's assessment of reasonably possible changes in the relevant stock price, net asset value or the relevant risk variables over the period until the next annual end of the reporting period. The analysis is performed on the same basis for 2023.

(f) Fair value measurement

Financial instruments measured at fair value

The following table presents the fair value of financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of inputs used in the valuation techniques as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

32. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(f) Fair value measurement (cont'd)

Financial instruments measured at fair value (cont'd)

	Fair value at 31 December 2024 HK\$'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurements				
Assets:				
Financial assets at FVTPL				
– Listed equity securities	2,578	2,578	–	–
	2,578	2,578	–	–
	Fair value at 31 December 2023 HK\$'000	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurements				
Assets:				
Financial assets at FVTPL				
– Listed equity securities	5,855	5,855	–	–
	5,855	5,855	–	–

During the years ended 31 December 2024 and 31 December 2023, there were no transfers between levels.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

33. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 10 and certain of the highest paid employees as disclosed in note 11, is as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term employee benefits	<u>1,049</u>	<u>1,094</u>

Total remuneration is included in the administrative expenses.

(b) Other related party transactions

Related party transaction

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with related parties during the year and balances with them at the end of the year:

	2024 HK\$'000	2023 HK\$'000
Management fee income:		
China Tian Yuan International Finance (Services) Limited (note)	<u>526</u>	<u>–</u>

Note:

China Tian Yuan International Finance (Services) Limited is a subsidiary of the Tian Yuan Manganese Limited, the immediate holding company of the Group.

During the year 2024, the Company as the tenant, entered into a tenancy agreement (the "Tenancy Agreement") with Sun Properties Company Limited (the "Landlord") for leasing the whole of the 11th Floor of No.80 Gloucester Road, Wanchai, Hong Kong (the "Premise"), for a term of 2.5 years with commencement date from 15th July 2024 and expiry date on 30th November 2026. The Premises has been occupied as the principal place of business of the Company in Hong Kong. The user of the Premises including China Tian Yuan International Finance (Services) Limited; Hong Kong Tian Yuan Manganese International Trade Co., Limited; Tian Yuan Finance Limited; and Tian Yuan Manganese Limited. In return of management and sharing the same office premise, China Tian Yuan International Finance (Services) Limited has made management fee income to the Company. During the year, management fee income of approximately HK\$526,000 (2023: HK\$nil) has been made.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

34. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		2,017	435
Interests in subsidiaries		7,977	7,987
Trade and other receivables		2,151	3,567
Deferred tax assets		–	1
		12,145	11,990
Current assets			
Financial assets at FVTPL		2,578	5,855
Trade and other receivables		1,774	2,481
Amounts due from subsidiaries		155,732	151,487
Cash and cash equivalents		1,681	11,857
		161,765	171,680
Current liabilities			
Trade and other payables		(12,178)	(12,127)
Amounts due to subsidiaries		(104,893)	(106,631)
Bank overdraft		(154)	–
Lease liabilities		(945)	(430)
Provision for taxation		(163)	(163)
		(118,333)	(119,351)
Net current assets		43,432	52,329
Total assets less current liabilities		55,577	64,319
Non-current liability			
Lease liabilities		(1,034)	–
Deferred tax liabilities		(5)	–
		(1,039)	–
NET ASSETS		54,538	64,319
CAPITAL AND RESERVES	27		
Share capital		398,980	398,980
Share premium		20,663	20,663
Reserves		(365,105)	(355,324)
TOTAL EQUITY		54,538	64,319

Approved and authorised for issue on behalf of the board of directors on 28 March 2025.

Dong Wei

Chief Executive Officer

He Mei

Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2024

35. IMMEDIATE AND ULTIMATE HOLDING COMPANIES

At 31 December 2024, the directors consider the immediate holding company and ultimate holding company of the Group to be Tianyuan Manganese Limited, a company incorporated in Cayman Islands, and Ningxia Tianyuan Manganese Industry Group Co., Ltd., a company incorporated in PRC respectively. These entities do not produce financial statements available for public use.

36. POSSIBLE IMPACT OF NEW AND AMENDMENTS TO HKFRS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of approval for issue of these consolidated financial statements, the HKICPA has issued a number of new and amendments to HKFRS which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements, as follows:

Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Annual Improvements to HKFRS Accounting Standards 2024	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²
HKFRS 18 and consequential amendments to other HKFRSs	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective for annual periods beginning on or after a date to be determined. No mandatory effective date yet determined but available for adoption

The Group has not applied the new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRSs, if applicable, when they become effective.

Corporate Information

Executive Director

Dong Wei (Chairman)

Non-Executive Director

He Mei

Independent Non-Executive Directors

Yuen Kwok Kuen
Zhou Siqi
Li Jun

Audit Committee

Yuen Kwok Kuen
Zhou Siqi
Li Jun

Remuneration Committee

Li Jun
Yuen Kwok Kuen
Zhou Siqi
Dong Wei

Nomination Committee

Zhou Siqi
Yuen Kwok Kuen
Li Jun
Dong Wei

Chief Executive Officer

Dong Wei

Company Secretary

Siu Man On

Auditors

Crowe (HK) CPA Limited
9/F Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

Principal Bankers

Industrial and Commercial Bank
of China (Asia) Limited

Registrars

Principal Registrar
Computershare Hong Kong
Investor Services Limited

Branch Registrar
Maples and Calder
Cayman Islands

Principal Office

11/F., 80 Gloucester Road
Wanchai
Hong Kong

Registered Office

C/o Maples and Calder
P.O. Box 309, Grand Cayman
Cayman Islands
British West Indies



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