

PACIFIC LEGEND GROUP LIMITED

(Incorporated in the Cayman
Islands with limited liability)

Stock Code: 8547



2024 SECOND INTERIM REPORT

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

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibilities for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

*This report, for which the directors (the “**Directors**”) of Pacific Legend Group Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material aspects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this report misleading.*

The original report is prepared in the English language. This report is translated into Chinese. In the event of any inconsistencies between the Chinese and the English versions, the latter shall prevail and it is available on the Company’s website at www.pacificlegendgroup.com.



Table of Contents

| | |
|---|----|
| FINANCIAL HIGHLIGHTS | 3 |
| CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | 4 |
| CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 5 |
| CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 6 |
| CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS | 7 |
| NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS | 8 |
| MANAGEMENT DISCUSSION AND ANALYSIS | 29 |
| CORPORATE GOVERNANCE AND OTHER INFORMATION | 39 |

FINANCIAL HIGHLIGHTS

- The unaudited revenue of the Group amounted to approximately HK\$327.1 million for the twelve months ended 31 December 2024, representing an increase of approximately HK\$76.6 million or 30.6% as compared with the revenue of approximately HK\$250.6 million for the twelve months ended 31 December 2023.
- The unaudited net profit of the Group was approximately HK\$9.7 million for the twelve months ended 31 December 2024 as compared to a net loss of approximately HK\$35.9 million for the twelve months ended 31 December 2023.
- Basic and diluted earnings per share were approximately HK\$3.95 cents for the twelve months ended 31 December 2024 compared to basic and diluted loss per share of HK\$19.91 cents for the twelve months ended 31 December 2023.
- No interim dividend is recommended by the Board for the twelve months ended 31 December 2024.

UNAUDITED SECOND INTERIM FINANCIAL INFORMATION

The board of Directors (the “**Board**”) of Pacific Legend Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months and twelve months ended 31 December 2024 together with the comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Hong Kong dollars)

| | Notes | Six months ended 31 December | | Twelve months ended 31 December | |
|--|-------|---------------------------------|---------------------------------|------------------------------------|-------------------------------|
| | | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Audited) |
| Revenue | 4 | 167,790 | 114,633 | 327,131 | 250,566 |
| Cost of sales | | (102,662) | (56,338) | (190,163) | (123,468) |
| Gross profit | | 65,128 | 58,295 | 136,968 | 127,098 |
| Other income and gains | 5 | 1,063 | 1,687 | 1,895 | 2,707 |
| Selling and distribution costs | | (14,968) | (26,631) | (45,560) | (50,874) |
| Provision for expected credit losses on trade and other receivables, net | | 132 | (7,208) | (14) | (9,652) |
| Administrative and other operating expenses | | (41,382) | (49,857) | (88,634) | (93,090) |
| Gain on disposal of subsidiaries | 8 | - | - | 7,579 | - |
| Share of results of an associate | 9 | 334 | - | 378 | - |
| Provision for impairment losses on non-financial assets other than goodwill | | - | (9,182) | - | (9,182) |
| Profit/(loss) from operations | | 10,307 | (32,896) | 12,612 | (32,993) |
| Finance costs | 6(a) | (1,735) | (1,493) | (2,958) | (2,850) |
| Profit/(loss) before taxation | 6 | 8,572 | (34,389) | 9,654 | (35,843) |
| Income tax expense | 7 | - | (69) | - | (69) |
| Profit/(loss) for the period | | 8,572 | (34,458) | 9,654 | (35,912) |
| Other comprehensive income | | | | | |
| Item that may be classified subsequently to profit or loss: | | | | | |
| – Exchange differences on translation of financial statements of overseas subsidiaries, net of tax | | - | 403 | - | 1,586 |
| Total comprehensive income/(loss) for the period | | 8,572 | (34,055) | 9,654 | (34,326) |
| Profit/(loss) for the period attributable to: | | | | | |
| – Owners of Company | | 8,324 | (33,454) | 9,406 | (33,524) |
| – Non-controlling interests | | 248 | (1,004) | 248 | (2,388) |
| | | 8,572 | (34,458) | 9,654 | (35,912) |
| Total comprehensive income/(loss) attributable to: | | | | | |
| – Owners of Company | | 8,324 | (33,051) | 9,406 | (31,938) |
| – Non-controlling interests | | 248 | (1,004) | 248 | (2,388) |
| | | 8,572 | (34,055) | 9,654 | (34,326) |
| | | HK cent(s) | HK cent(s) | HK cent(s) | HK cent(s) |
| Earnings/(loss) per share | | | | | |
| Basic and diluted | 10 | 3.22 | (18.25) | 3.95 | (19.91) |

* Denotes loss per share amount below 0.01 Hong Kong cent.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024
(Expressed in Hong Kong dollars)

| | Notes | 31 December 2024 HK\$'000 (Unaudited) | 31 December 2023 HK\$'000 (Audited) |
|--|-------|---|---|
| Non-current assets | | | |
| Property, plant and equipment | 12 | 2,525 | 770 |
| Intangible assets | | – | 21 |
| Right-of-use assets | 13 | 84 | 2,995 |
| Investment properties | | 2,200 | 4,490 |
| Investments in associate | | 15,557 | 13,530 |
| Finance lease receivables | | 2,522 | 737 |
| Financial assets measured at fair value through profit or loss | | 292 | 3,000 |
| Non-refundable deposit | 14 | – | 4,000 |
| | | <u>23,180</u> | <u>29,543</u> |
| Current assets | | | |
| Inventories | | 21,238 | 32,328 |
| Contract assets | | 7,520 | 2,158 |
| Trade and other receivables | 14 | 66,538 | 85,428 |
| Loan receivables | | – | 2,792 |
| Finance lease receivables | | 5,092 | 3,250 |
| Cash and cash equivalents | 15 | 9,295 | 23,303 |
| Assets of disposal subsidiaries | | – | 1,109 |
| | | <u>109,683</u> | <u>150,368</u> |
| Current liabilities | | | |
| Trade and other payables | 16 | 39,589 | 27,034 |
| Contract liabilities | | 5,240 | 70,329 |
| Interest-bearing bank and other borrowings | 17 | 10,098 | 11,645 |
| Lease liabilities | | 7,264 | 11,818 |
| Tax payable | | – | 2 |
| Liabilities of disposal subsidiaries classified as held for sale | | – | 5,768 |
| | | <u>62,191</u> | <u>126,596</u> |
| Net current assets | | <u>47,492</u> | <u>23,772</u> |
| Total assets less current liabilities | | <u>70,672</u> | <u>53,315</u> |
| Non-current liabilities | | | |
| Lease liabilities | | 1,211 | 6,455 |
| Provisions | | 8,283 | 8,150 |
| Deferred tax liabilities | | 69 | 69 |
| | | <u>9,563</u> | <u>14,674</u> |
| NET ASSETS | | <u>61,109</u> | <u>38,641</u> |
| Capital and reserves | | | |
| Share capital | 18 | 27,370 | 19,008 |
| Reserves | | 32,112 | 18,087 |
| Equity attributable to owners of the Company | | 59,482 | 37,095 |
| Non-controlling interests | | 1,627 | 1,546 |
| TOTAL EQUITY | | <u>61,109</u> | <u>38,641</u> |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2024

(Expressed in Hong Kong dollars)

| | Share capital HK\$'000 | Share premium HK\$'000 | Share option reserve HK\$'000 | Exchange reserve HK\$'000 | Other reserve HK\$'000 | Accumulated (losses)/ profits HK\$'000 | Sub total HK\$'000 | Non-controlling interests HK\$'000 | Total HK\$'000 |
|--|---------------------------|---------------------------|----------------------------------|------------------------------|---------------------------|---|-----------------------|---------------------------------------|-------------------|
| Balance at 1 January 2023 (audited) | 13,200 | 87,982 | - | (824) | 789 | (63,646) | 37,501 | 2,481 | 39,982 |
| Loss for the period | - | - | - | - | - | (33,524) | (33,524) | (2,388) | (35,912) |
| Other comprehensive income | - | - | - | 1,586 | - | - | 1,586 | - | 1,586 |
| Total comprehensive income/ (expense) for the period | - | - | - | 1,586 | - | (33,524) | (31,938) | (2,388) | (34,326) |
| Proceeds from placing of new shares | 5,808 | 27,637 | - | - | - | - | 33,445 | - | 33,445 |
| Issuing expenses of placing of new shares | - | (671) | - | - | - | - | (671) | - | (671) |
| Disposal of subsidiaries | - | - | - | - | (789) | - | (789) | - | (789) |
| Transfer to non-controlling interests | - | - | - | (1) | - | (452) | (453) | 453 | - |
| Non-controlling interest on acquisition of a subsidiary | - | - | - | - | - | - | - | 1,000 | 1,000 |
| Balance at 31 December 2023 (audited) | <u>19,008</u> | <u>114,948</u> | <u>-</u> | <u>761</u> | <u>-</u> | <u>(97,622)</u> | <u>37,095</u> | <u>1,546</u> | <u>38,641</u> |
| Balance at 1 January 2024 (audited) | 19,008 | 114,948 | - | 761 | - | (97,622) | 37,095 | 1,546 | 38,641 |
| Profit for the period | - | - | - | - | - | 9,406 | 9,406 | 248 | 9,654 |
| Total comprehensive income for the period | - | - | - | - | - | 9,406 | 9,406 | 248 | 9,654 |
| Proceeds from placing of new shares | 8,362 | 6,860 | - | - | - | - | 15,222 | - | 15,222 |
| Disposal of subsidiary | - | - | - | - | - | (2,241) | (2,241) | - | (2,241) |
| Non-controlling interest on acquisition of an associate | - | - | - | - | - | - | - | (167) | (167) |
| Balance at 31 December 2024 (unaudited) | <u>27,370</u> | <u>121,808</u> | <u>-</u> | <u>761</u> | <u>-</u> | <u>(90,457)</u> | <u>59,482</u> | <u>1,627</u> | <u>61,109</u> |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2024
(Expressed in Hong Kong dollars)

| | Twelve months ended 31 December | |
|--|---------------------------------|---------------|
| | 2024 | 2023 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Audited) |
| Net cash (used in)/generated from operating activities | (9,622) | 9,926 |
| Net cash used in investing activities | (2,267) | (21,766) |
| Net cash (used in)/generated from financing activities | (2,119) | 17,418 |
| Net (decrease)/increase in cash and cash equivalents | (14,008) | 5,578 |
| Cash and cash equivalents at 1 January | 23,303 | 17,824 |
| Effect of foreign exchange rate changes | – | 6 |
| Cash and cash equivalents in assets of disposal subsidiaries classified as held for sale | – | (105) |
| Cash and cash equivalents at 31 December | <u>9,295</u> | <u>23,303</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

Pacific Legend Group Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 1 September 2017. On 18 July 2018, the Company’s shares have been listed (the “**Listing**”) on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and its principal place of business is Units 1202–04, Level 12, Cyberport 2, 100 Cyberport Road, Hong Kong.

The Company and its subsidiaries (together the “**Group**”) is principally engaged in the sale of home furniture and accessories, the leasing of home furniture and accessories and the provision of design consultancy services for fitting out interiors with furnishings.

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”). The unaudited condensed consolidated second financial information should be read in conjunction with the audited consolidated financial information for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) issued by the HKICPA, as included in the Company’s 2023 Annual Report.

The significant accounting policies that have been used in the preparation of these unaudited consolidated financial statements have been consistently applied to all the periods presented, unless otherwise stated.

The preparation of the unaudited consolidated financial statements of the Group for the relevant period is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group’s accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. NEW ACCOUNTING STANDARDS AND ACCOUNTING CHANGES

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments:

- Sale of home furniture and accessories
- Rental of home furniture and accessories
- Project and hospitality services

Performance is based on segment gross profit net of impairment losses on non-current assets, contracts assets and related depreciation of property, plant and equipment and right-of-use assets. The Group's most senior executive management does not evaluate operating segment using assets and liabilities information, so segment assets and liabilities are not reported to the Group's most senior executive management. Accordingly, reportable segment assets and liabilities have not been presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results

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

For the twelve months ended 31 December 2024

| | Sale of home furniture and accessories <i>HK\$'000</i> (Unaudited) | Rental of home furniture and accessories <i>HK\$'000</i> (Unaudited) | Project and hospitality services <i>HK\$'000</i> (Unaudited) | Total <i>HK\$'000</i> (Unaudited) |
|--|--|---|--|---|
| Revenue from contracts with customers within the scope of HKFRS 15 | | | | |
| – Point in time | 128,611 | – | – | 128,611 |
| – Over time | – | – | 174,289 | 174,289 |
| Revenue from other source | | | | |
| – Over time | – | 24,231 | – | 24,231 |
| | <u>128,611</u> | <u>24,231</u> | <u>174,289</u> | <u>327,131</u> |
| Segment results | <u>38,613</u> | <u>18,686</u> | <u>79,669</u> | 136,968 |
| Unallocated items | | | | |
| Interest income | | | | 78 |
| Provision for expected credit loss allowance of trade and other receivables, net | | | | (4,014) |
| Depreciation of property, plant and equipment | | | | (3,211) |
| Depreciation of right-of-use assets | | | | (4,694) |
| Amortisation of intangible assets | | | | (7) |
| Finance costs | | | | (2,965) |
| Unallocated corporate expenses | | | | (110,315) |
| Fair value loss on investment properties | | | | (2,186) |
| Profit before taxation | | | | <u>9,654</u> |
| Depreciation of property, plant and equipment | 922 | 1,984 | – | 2,906 |
| Depreciation of right-of-use assets | <u>4,263</u> | – | – | <u>4,263</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the six months ended 31 December 2024

| | Sale of home furniture and accessories <i>HK\$'000</i> (Unaudited) | Rental of home furniture and accessories <i>HK\$'000</i> (Unaudited) | Project and hospitality services <i>HK\$'000</i> (Unaudited) | Total <i>HK\$'000</i> (Unaudited) |
|--|--|---|--|---|
| Revenue from contracts with customers within the scope of HKFRS 15 | | | | |
| — Point in time | 67,842 | – | – | 67,842 |
| — Over time | – | – | 87,783 | 87,783 |
| Revenue from other source | | | | |
| — Over time | – | 12,165 | – | 12,165 |
| | <u>67,842</u> | <u>12,165</u> | <u>87,783</u> | <u>167,790</u> |
| Segment results | <u>10,194</u> | <u>10,206</u> | <u>44,728</u> | 65,128 |
| Unallocated items | | | | |
| Interest income | | | | 4 |
| Provision for expected credit loss allowance of trade and other receivables, net | | | | (3,868) |
| Depreciation of property, plant and equipment | | | | (2,724) |
| Depreciation of right-of-use assets | | | | (2,379) |
| Amortisation of intangible assets | | | | – |
| Finance costs | | | | (1,732) |
| Unallocated corporate expenses | | | | (43,671) |
| Fair value loss on investment properties | | | | (2,186) |
| Profit before taxation | | | | <u>8,572</u> |
| Depreciation of property, plant and equipment | 899 | 1,631 | – | 2,530 |
| Depreciation of right-of-use assets | <u>2,094</u> | <u>–</u> | <u>–</u> | <u>2,094</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the twelve months ended 31 December 2023

| | Sale of home furniture and accessories <i>HK\$'000</i> (Audited) | Rental of home furniture and accessories <i>HK\$'000</i> (Audited) | Project and hospitality services <i>HK\$'000</i> (Audited) | Total <i>HK\$'000</i> (Audited) |
|--|--|---|--|---------------------------------------|
| Revenue from contracts with customers within the scope of HKFRS 15 | | | | |
| – Point in time | 130,888 | – | – | 130,888 |
| – Over time | – | – | 94,420 | 94,420 |
| Revenue from other source | | | | |
| – Over time | – | 25,258 | – | 25,258 |
| | <u>130,888</u> | <u>25,258</u> | <u>94,420</u> | <u>250,566</u> |
| Segment results | <u>63,149</u> | <u>17,464</u> | <u>30,759</u> | 111,372 |
| Unallocated items | | | | |
| Interest income | | | | 199 |
| Fair value loss on financial assets at FVPL | | | | (2,938) |
| Fair value gain on investment properties | | | | 421 |
| Provision for impairment losses on non-financial assets other than goodwill | | | | (598) |
| Provision for expected credit loss allowance | | | | (6,231) |
| Depreciation of property, plant and equipment | | | | (189) |
| Depreciation of right-of-use assets | | | | (247) |
| Amortisation of intangible assets | | | | (15) |
| Finance costs | | | | (2,850) |
| Unallocated corporate expenses | | | | <u>(134,767)</u> |
| Loss before taxation | | | | (35,843) |
| Income tax expense | | | | <u>(69)</u> |
| | | | | <u>(35,912)</u> |
| Provision for expected credit loss allowance | – | – | 3,421 | 3,421 |
| Provision for impairment losses on non-financial assets other than goodwill | 7,907 | 677 | – | 8,584 |
| Depreciation of property, plant and equipment | 570 | 3,584 | – | 4,154 |
| Depreciation of right-of-use assets | <u>3,151</u> | <u>–</u> | <u>–</u> | <u>3,151</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the six months ended 31 December 2023

| | Sale of home furniture and accessories <i>HK\$'000</i> (Unaudited) | Rental of home furniture and accessories <i>HK\$'000</i> (Unaudited) | Project and hospitality services <i>HK\$'000</i> (Unaudited) | Total <i>HK\$'000</i> (Unaudited) |
|--|--|---|--|---|
| Revenue from contracts with customers within the scope of HKFRS 15 | | | | |
| – Point in time | 69,200 | – | – | 69,200 |
| – Over time | – | – | 33,010 | 33,010 |
| Revenue from other source | | | | |
| – Over time | – | 12,423 | – | 12,423 |
| | <u>69,200</u> | <u>12,423</u> | <u>33,010</u> | <u>114,633</u> |
| Segment results | <u>29,545</u> | <u>7,680</u> | <u>6,509</u> | 43,734 |
| Unallocated items | | | | |
| Interest income | | | | 163 |
| Fair value loss on financial assets at FVPL | | | | (2,938) |
| Fair value gain on investment properties | | | | 421 |
| Provision for impairment losses on non-financial assets other than goodwill | | | | (598) |
| Provision for expected credit loss allowance | | | | (3,787) |
| Depreciation of property, plant and equipment | | | | (89) |
| Depreciation of right-of-use assets | | | | (123) |
| Amortisation of intangible assets | | | | (8) |
| Finance costs | | | | (1,493) |
| Unallocated corporate expenses | | | | <u>(69,671)</u> |
| Loss before taxation | | | | (34,389) |
| Income tax expense | | | | (69) |
| | | | | <u>(34,458)</u> |
| Provision for expected credit loss allowance | – | – | 3,421 | 3,421 |
| Provision for impairment losses on non-financial assets other than goodwill | 7,907 | 677 | – | 8,584 |
| Depreciation of property, plant and equipment | 296 | 1,971 | – | 2,267 |
| Depreciation of right-of-use assets | <u>2,260</u> | <u>–</u> | <u>–</u> | <u>2,260</u> |

There was no inter-segment revenue for the six months and twelve months ended 31 December 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

Revenue from external customers

| | Six months ended 31 December | | Twelve months ended 31 December | |
|---|--|--|--|--------------------------------------|
| | 2024 <i>HK\$'000</i> (Unaudited) | 2023 <i>HK\$'000</i> (Unaudited) | 2024 <i>HK\$'000</i> (Unaudited) | 2023 <i>HK\$'000</i> (Audited) |
| Hong Kong | 118,730 | 56,892 | 248,832 | 149,682 |
| United Arab Emirates (the "UAE") | 48,688 | 57,124 | 77,927 | 99,013 |
| The People's Republic of China (excluding Hong Kong and Macao, the "PRC") | 372 | 617 | 372 | 1,871 |
| | <u>167,790</u> | <u>114,633</u> | <u>327,131</u> | <u>250,566</u> |

The above revenue information is based on the locations of the customers.

Non-current assets

| | 31 December 2024 <i>HK\$'000</i> (Unaudited) | 31 December 2023 <i>HK\$'000</i> (Audited) |
|-----------|--|--|
| Hong Kong | 14,203 | 21,661 |
| UAE | 612 | 4,145 |
| PRC | – | – |
| | <u>14,815</u> | <u>25,806</u> |

The above non-current assets information is based on the locations of the assets and excluded the finance lease receivables and financial assets measured at fair value through profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. OTHER INCOME AND GAINS

| | Six months ended 31 December | | Twelve months ended 31 December | |
|---|---|--|---|--------------------------------------|
| | 2024 <i>HK\$'000</i> (Unaudited) | 2023 <i>HK\$'000</i> (Unaudited) | 2024 <i>HK\$'000</i> (Unaudited) | 2023 <i>HK\$'000</i> (Audited) |
| Bank interest income | 4 | 163 | 78 | 199 |
| Fair value loss on financial assets at FVPL | - | (2,938) | - | (2,938) |
| Fair value (loss)/gain on investment properties | (287) | 421 | (287) | 421 |
| Gain on disposal of property, plant and equipment, net | 169 | 6 | 169 | 6 |
| Interest income from finance leases | 226 | 1,372 | 947 | 1,512 |
| Interest income from loan receivables | - | 296 | - | 296 |
| Royalty income from franchising | - | 370 | - | 851 |
| Reversal of provision for reinstatement costs for rented premises | - | 262 | - | 262 |
| Rental income arising from investment properties | 145 | 14 | 145 | 14 |
| Consultancy income | - | 801 | - | 801 |
| Written-off of expired trade and other payables | - | (172) | - | - |
| Sundry income | 744 | 1,092 | 779 | 1,283 |
| Reversal of accrued withholding tax | - | - | 2 | - |
| Net exchange gain | 62 | - | 62 | - |
| | <u>1,063</u> | <u>1,687</u> | <u>1,895</u> | <u>2,707</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation has been arrived at after charging/(crediting):

| | Six months ended 31 December | | Twelve months ended 31 December | |
|--|---------------------------------|---------------------------------|------------------------------------|-------------------------------|
| | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Unaudited) | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Audited) |
| (a) Finance costs: | | | | |
| Interest on bank and other borrowings | 747 | 548 | 1,514 | 1,053 |
| Interest on lease liabilities | 988 | 945 | 1,444 | 1,797 |
| | <u>1,735</u> | <u>1,493</u> | <u>2,958</u> | <u>2,850</u> |
| (b) Staff costs: | | | | |
| Salaries, allowances and commissions | 18,895 | 38,014 | 61,938 | 69,532 |
| Retirement benefits scheme contributions | 43 | 985 | 853 | 1,975 |
| Provision for long service payments and employees' end-of-service benefits | 474 | 929 | 995 | 1,322 |
| | <u>19,412</u> | <u>39,928</u> | <u>63,786</u> | <u>72,829</u> |
| (c) Other items: | | | | |
| Amortisation of intangible assets | – | 8 | 7 | 15 |
| Auditor's remuneration | 1,542 | 468 | 2,145 | 1,000 |
| Cost of inventories recognised as expense | 80,064 | 57,708 | 162,622 | 123,188 |
| Depreciation of property, plant and equipment | 2,724 | 2,356 | 3,211 | 4,343 |
| Depreciation of right-of-use assets | 2,422 | 2,383 | 4,737 | 3,398 |
| Net exchange loss | (23) | (1,006) | – | – |
| Loss on disposals of property, plant and equipment | (3) | – | – | – |
| Expenses related to short term leases | 2,106 | 2,609 | 3,874 | 4,363 |
| Variable lease payments not included in the measurement of lease liabilities | 218 | 329 | 218 | 606 |
| Provision/(reversal of) for expected credit loss allowance for: | | | | |
| – Contract assets | – | – | – | 3,782 |
| – Trade receivables | (132) | 726 | 14 | (330) |
| – Other receivables | 4,000 | 2,700 | 4,000 | 6,200 |
| Provision for impairment losses on non-financial assets: | | | | |
| – Property, plant and equipment | – | – | – | 1,283 |
| – Right-of-use assets | – | – | – | 7,898 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE

The Group is not subject to any income tax in the Cayman Islands, the BVI and the UAE pursuant to the rules and regulations in those jurisdictions.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit arising in or derived from Hong Kong for the six months ended 31 December 2024 and 2023.

No provision for the PRC Enterprise Income Tax is made as the Group has no assessable profit arising in or derived from the PRC for the six months ended 31 December 2024 and 2023.

8. GAIN ON DISPOSAL OF SUBSIDIARIES

During the twelve months ended 31 December 2024, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 100% equity interest in Deep Blue Living Limited ("**Deep Blue**"), incorporated in Hong Kong and indirectly holds 100% equity interest in two companies established in the PRC whose main assets are HK\$1,520,000 and at a cash consideration of HK\$10,000. The disposal was completed on 13 March 2024, on which date the Group lost control of the Deep Blue.

During the twelve months ended 31 December 2024, the Group also entered into a sale and purchase agreement with an independent third party to dispose of its 100% equity interest in Indigo Overseas Projects Company Limited ("**Indigo Overseas**"), incorporated in British Virgin Islands and indirectly holds 100% equity interest in a company established in Hong Kong whose main assets are Nil and at a cash consideration of HK\$8. The disposal was completed on 25 March 2024, on which date the Group lost control of the Indigo Overseas.

During the twelve months ended 31 December 2024, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 100% equity interest in Mega Ocean Limited, incorporated in Hong Kong at a cash consideration of HK\$1. The disposal was completed on 25 March 2024, on which date the Group lost control of Mega Ocean Limited. In addition, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 100% equity interest in Ocean & Partners Limited, incorporated in Hong Kong at a cash consideration of HK\$1. The disposal was completed on 25 March 2024, on which date the Group lost control of Ocean & Partners.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. GAIN ON DISPOSAL OF SUBSIDIARIES (CONTINUED)

The net liabilities of the subsidiaries at the date of disposal were as follows:

| | <i>HK\$'000</i> |
|--|-----------------|
| Property, plant and equipment | – |
| Investment property | – |
| Prepayments and other receivables | 1,487 |
| Bank balances and cash | 33 |
| Shareholders' loans | (1,987) |
| Other payables and accruals | (6,383) |
| Deferred tax liabilities | – |
| | <hr/> |
| Net liabilities disposed of | (6,850) |
| | <hr/> <hr/> |
| Total cash consideration | 10 |
| Fair value of interest retained | – |
| Assignment of shareholder's loans | (1,987) |
| Net liabilities disposed of | 6,850 |
| Release of exchange reserve | 2,706 |
| | <hr/> |
| Gain on disposal of subsidiaries | 7,579 |
| | <hr/> <hr/> |
| Net cash outflow arising on disposal: | |
| Cash consideration to be received | 10 |
| Less: Bank balances and cash disposed of | (33) |
| | <hr/> |
| | (23) |
| | <hr/> <hr/> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. SHARE OF RESULTS OF ASSOCIATES

As at 31 December 2024, the interest in an associate represents the equity interests in Huizhou Taichen Ecology Agricultural Development Company Limited through JF (Greater Bay) Group Company Limited and Hong Kong Taichen Ecology Agricultural Development Company Limited.

| | 31 December 2024 <i>HK\$'000</i> (Unaudited) | 31 December 2023 <i>HK\$'000</i> (Audited) |
|---|--|---|
| At beginning of reporting period | 5,200 | 5,200 |
| Acquisition of additional equity interest in an associate | 4,500 | – |
| Profit or loss: | | |
| – Gains on bargain purchase at dates of acquisition of interest in an associate | 378 | – |
| – Share of post-acquisition results | – | – |
| – Share of post-acquisition other comprehensive income | – | – |
| At end of reporting period | 10,078 | 5,200 |

Details of the Group's associate and its holding company and intermediate holding company at the end of the reporting period are as follows:

| Name of companies | Place of incorporation and operation | Proportion of nominal value of issued share capital held by the Group | | Principal activities |
|--|--------------------------------------|---|------------------|----------------------|
| | | 31 December 2024 | 31 December 2023 | |
| JF (Greater Bay) Group Company Limited | British Virgin Islands | 100% | 100% | Investment holdings |
| Hong Kong Taichen Ecology Agricultural Development Company Limited (owned as to 80% by JF (Greater Bay Group Company Limited)) | Hong Kong | 80% | 40% | Investment holdings |
| Huizhou Taichen Ecology Agricultural Development Company Limited (owned as to 50% by Hong Kong Taichen Ecology Agricultural Development Company Limited) | PRC | 40% | 20% | Agriculture |

The associate was accounted for using the equity method in the Group's condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9. SHARE OF RESULTS OF ASSOCIATES (CONTINUED)

The summarised financial information in respect of the Group's associate(s) as at 31 December 2024 and 31 December 2023 which represents amounts shown in the consolidated financial statements of JF (Greater Bay) Group Company Limited prepared in accordance with Hong Kong Financial Reporting Standards is as follows:

| | 31 December 2024 <i>HK\$'000</i> (Unaudited) | 31 December 2023 <i>HK\$'000</i> (Audited) |
|--|--|--|
| Current assets | 23,497 | 12,864 |
| Non-current assets | 12,976 | 13,136 |
| Current liabilities | 5,479 | – |
| Non-current liabilities | – | – |
| | 14,741 | – |
| Revenue | 14,741 | – |
| Profit for the period/year | 942 | – |
| Other comprehensive income for the period/year | – | – |
| Total comprehensive profit for the period/year | 942 | – |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. EARNINGS/(LOSS) PER SHARE

The calculation of the basic profit per share is based on the profit for the period attributable to owners of the Company of HK\$8,324,000 (six months ended 31 December 2023: loss of HK\$33,454,000) and the weighted average of 258,691,652 (six months ended 31 December 2023: 183,357,391) ordinary shares in issue.

No diluted loss per share for the six months ended 31 December 2024 and 2023 respectively was presented as there were no dilutive potential ordinary shares in issue during both periods.

The calculation of the basic profit per share is based on the profit for the period attributable to owners of the Company of HK\$9,406,000 (twelve months ended 31 December 2023: loss of HK\$33,524,000) and the weighted average of 238,231,211 (twelve months ended 31 December 2023: 168,377,425) ordinary shares in issue.

No diluted loss per share for the twelve months ended 31 December 2024 and 2023 respectively was presented as there were no dilutive potential ordinary shares in issue during both periods.

11. DIVIDENDS

The Directors do not recommend the payment of any interim dividend in respect of the twelve months ended 31 December 2024 (corresponding in 2023: Nil).

12. PROPERTY, PLANT AND EQUIPMENT

| | Decoration and fittings <i>HK\$'000</i> | Furniture and fixtures <i>HK\$'000</i> | Office equipment and others <i>HK\$'000</i> | Motor vehicles <i>HK\$'000</i> | Furniture for rental <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|--|---|--|--------------------------------------|--|--------------------------|
| Carrying amount: | | | | | | |
| At 1 January 2024 (audited) | 38 | 20 | 40 | 288 | 384 | 770 |
| Additions | 1,854 | 23 | 41 | 301 | 2,725 | 4,944 |
| Acquisition of a subsidiary | - | - | 22 | - | - | 22 |
| Depreciation | (922) | (18) | (81) | (206) | (1,984) | (3,211) |
| Exchange realignment | - | - | - | - | - | - |
| At 31 December 2024 (unaudited) | 970 | 25 | 22 | 383 | 1,125 | 2,525 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. RIGHT-OF-USE ASSETS

| | Leased properties <i>HK\$'000</i> | Motor vehicles <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|---|--------------------------------------|--------------------------|
| Carrying amount: | | | |
| At 1 January 2024 (audited) | 2,993 | 2 | 2,995 |
| Additions | 1,826 | – | 1,826 |
| Depreciation | (4,735) | (2) | (4,737) |
| At 31 December 2024 (unaudited) | 84 | – | 84 |

14. TRADE AND OTHER RECEIVABLES

| | 31 December 2024 <i>HK\$'000</i> (Unaudited) | 31 December 2023 <i>HK\$'000</i> (Audited) |
|--------------------------------------|--|--|
| Trade receivables | 24,800 | 40,414 |
| Less: expected credit loss allowance | (2,400) | (2,361) |
| | 22,400 | 38,053 |
| Other receivables | 28,236 | 11,940 |
| Trade deposits | 5,148 | 23,021 |
| Rental and other deposits | 5,285 | 7,140 |
| Prepayments | 5,279 | 5,037 |
| Staff advance | 190 | 237 |
| | 66,538 | 85,428 |
| Non-current | | |
| Non-refundable deposit | – | 4,000 |
| | 66,538 | 89,428 |

At 31 December 2024 and 31 December 2023, apart from certain deposits totalling HK\$5,285,000 and HK\$7,140,000 respectively, all trade and other receivables are expected to be recovered or recognised as expenses within one year.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

The ageing analysis of trade receivables, based on invoice date and net of allowance for doubtful debts, is as follows:

| | 31 December 2024 <i>HK\$'000</i> (Unaudited) | 31 December 2023 <i>HK\$'000</i> (Audited) |
|--|--|--|
| Within 1 month | 5,620 | 27,751 |
| More than 1 month but less than 3 months | 3,599 | 7,686 |
| More than 3 months but less than 12 months | 12,783 | 2,505 |
| More than 12 months | 398 | 111 |
| | 22,400 | 38,053 |

Trade receivables are due within 30 days from the date of billing.

15. CASH AND CASH EQUIVALENTS

| | 31 December 2024 <i>HK'000</i> (Unaudited) | 31 December 2023 <i>HK'000</i> (Audited) |
|---------------------------|--|--|
| Cash and cash equivalents | 9,295 | 23,303 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER PAYABLES

| | 31 December 2024 <i>HK\$'000</i> (Unaudited) | 31 December 2023 <i>HK\$'000</i> (Audited) |
|-------------------|--|--|
| Trade payables | 2,846 | 8,365 |
| Deposits received | 19,242 | 2,806 |
| Other payables | 13,734 | 6,592 |
| Accruals | 3,767 | 9,271 |
| | 39,589 | 27,034 |

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The following is an ageing analysis of trade payables presented based on the invoice date:

| | 31 December 2024 <i>HK\$'000</i> (Unaudited) | 31 December 2023 <i>HK\$'000</i> (Audited) |
|--|--|--|
| Within 1 month | 996 | 1,222 |
| More than 1 month but less than 3 months | 1,147 | 6,479 |
| More than 3 months | 703 | 664 |
| | 2,846 | 8,365 |

Included in accruals and other payables as at 31 December 2024 were delivery service and manpower support charges payable to Winford Inc. Limited of HK\$17,622 (31 December 2023: HK\$294,600), which is unsecured, interest-free and payable within 21 days after the invoice date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

| | 31 December 2024 <i>HK\$'000</i> (Unaudited) | 31 December 2023 <i>HK\$'000</i> (Audited) |
|--|--|--|
| Within one year | 9,041 | 6,517 |
| After 1 year but within 2 years | 1,057 | 5,128 |
| | 10,098 | 11,645 |
| Less: Amount included under current liabilities (including borrowings with a repayable on demand clause) | (10,098) | (11,645) |
| Amount shown under non-current liabilities | <u>–</u> | <u>–</u> |

Notes:

- (a) As at 31 December 2024, the bank loan amounting to United Arab Emirates Dirham (“AED”) 2,435,083 (equivalent to HK\$5,145,914) (31 December 2023: HK\$8,645,000) was secured by a personal guarantee executed by a director of the Group’s subsidiary.

18. SHARE CAPITAL

| | Number of shares | Amount <i>HK\$</i> |
|---|----------------------|-----------------------|
| Authorised: | | |
| At 1 January 2024 and 31 December 2024 (unaudited) | <u>1,000,000,000</u> | <u>100,000,000</u> |
| Issued and fully paid: | | |
| At 1 January 2024 | 190,080,000 | 19,008,000 |
| Proceeds from placing of new shares at 2 February 2024 (Note i) | 22,500,000 | 2,250,000 |
| Proceeds from placing of new shares at 20 March 2024 (Note ii) | 15,516,000 | 1,551,600 |
| Proceeds from placing of new shares at 28 August 2024 (Note iii) | 42,700,000 | 4,270,000 |
| Issuance of consideration shares at 7 October 2024 (Note iv) | <u>2,900,000</u> | <u>290,000</u> |
| At 31 December 2024 (unaudited) | <u>273,696,000</u> | <u>27,369,600</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18. SHARE CAPITAL (CONTINUED)

Notes:

- (i) The completion of the placing took place on 2 February 2024, where a total of 22,500,000 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK\$0.21 per placing share pursuant to the terms and conditions of the placing agreement under the general mandate.

The gross proceeds from the placing are approximately HK\$4.73 million and the net proceeds from the placing (after deduction of placing commission and other fees, costs, charges and expenses of the Placing) are approximately HK\$4.60 million.

For details, please refer to the Company's announcements dated 17 January 2024 and 2 February 2024.

- (ii) The completion of the placing took place on 20 March 2024, where a total of 15,516,000 placing shares have been successfully placed by the placing agent to two placees at the placing price of HK\$0.21 per placing share pursuant to the terms and conditions of the placing agreement under the general mandate.

The gross proceeds from the placing are approximately HK\$3.26 million and the net proceeds from the placing (after deduction of placing commission and other fees, costs, charges and expenses of the placing) are approximately HK\$3.18 million.

For details, please refer to the Company's announcements dated 4 March 2024 and 20 March 2024.

- (iii) The completion of the placing took place on 28 August 2024, where a total of 42,700,000 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK\$0.165 per placing share pursuant to the terms and conditions of the placing agreement under the general mandate.

The gross proceeds from the placing are approximately HK\$7.05 million and the net proceeds from the placing (after deduction of placing commission and other fees, costs, charges and expenses of the placing) are approximately HK\$6.88 million.

For details, please refer to the Company's announcements dated 8 August 2024, 12 August 2024 and 28 March 2024.

- (iv) The completion of the acquisition took place on 7 October 2024, where a total of 2,900,000 consideration shares have been successfully allotted and issued to Ms. Yan Kam Ying at the issue price of HK\$0.165 per consideration share pursuant to the terms and conditions of the sale and purchase agreement under the general mandate.

For details, please refer to the Company's announcement dated 23 September 2024.

19. CONTINGENT LIABILITIES

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The remuneration of key management personnel is determined with reference to the performance of individual and market trends.

The remuneration of key management personnel during the periods of twelve months ended 31 December 2024 and 2023 respectively, were as follows:

| | Twelve months ended 31 December | |
|--|---------------------------------|-------------------------------|
| | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Audited) |
| Salaries, allowances and commission | 9,987 | 5,173 |
| Retirement benefits scheme contributions | 41 | 139 |
| | <u>10,028</u> | <u>5,312</u> |

(b) Other related party transactions

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with related parties during the twelve months ended 31 December 2024 and 2023 respectively:

| | Twelve months ended 31 December | |
|--|---------------------------------|-------------------------------|
| | 2024 HK\$'000 (Unaudited) | 2023 HK\$'000 (Audited) |
| Winford Inc. Limited | | |
| — Delivery charge and manpower support expense | 2,891 | 4,466 |
| Mr. John Warren McLennan | | |
| — Sales of home furniture and accessories | — | 75 |
| Ms. Mok Lai Yin Fiona | | |
| — Sales of home furniture and accessories | — | 8 |
| | <u>—</u> | <u>8</u> |

Note: Ms. Mok Lai Yin Fiona resigned as the Company's director with effect from 15 March 2023.

Mr. John Warren McLennan retired as the Company's director with effect from 28 June 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

21. EVENTS OCCURRING AFTER THE REPORTING DATE

Refer to the announcement on 21 January 2025, Miracle Ace International Limited, a wholly-owned subsidiary of the Company, and Mr. Cheung Chi Keung entered into the instruments of transfer, pursuant to which, Miracle Ace International Limited agreed to sell and Mr. Cheung Chi Keung agreed to purchase 2,000,000 ordinary shares of HK\$1 each in the share capital of Shine Key Inc Limited and 2,600,000 ordinary shares of HK\$1 each in the share capital of Mega Champion Inc Limited, at a total Consideration of HK\$2,000,000.

Upon Completion, Shine Key Inc Limited and Mega Champion Inc Limited will cease to be subsidiaries of the Company and the financial information of Shine Key Inc Limited and Mega Champion Inc Limited will cease to be consolidated into the consolidated financial statements of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group principally operates three lines of business, namely, (i) sale of home furniture and accessories (“**Furniture Sales**”, which includes retail, corporate sales, online shops, wholesale and franchise); (ii) rental of home furniture and accessories (“**Furniture Rental**”); and (iii) project and hospitality services (“**Projects**”, which typically involve designing, styling, decorating and furnishing commercial or residential properties such as hotels, serviced apartments and showflats).

During the twelve months ended 31 December 2024, the Group have completed several corporate projects under the segment of Projects, which contributed significantly to the revenue for the period. On the other hand, the second-hand property market in Hong Kong was still weak in 2024 due to the decline in the price of the first-hand property by the property developers and the uncertain economic development in last few years. Moreover, the outflux of locals’ money abroad due to the reopening of borders and depreciation of Renminbi brought an adverse impact on the Group’s retail sales in Hong Kong.

Furthermore, due to the fierce market competition in Dubai, the United Arab Emirates (“**UAE**”), the Group’s retail sales in UAE were also adversely affected. The Group mainly focused on Projects business and Furniture Sales in Hong Kong for the twelve months ended 31 December 2024.

The Group has completed 80,716,000 placings of new shares on 2 February 2024, 20 March 2024 and 28 August 2024, respectively. The Group has raised net proceeds of approximately HK\$4.60 million, HK\$3.18 million and HK\$6.88 million (after deduction of commission and other fees, costs, charges and expenses of the placings), respectively from these placings.

On 1 March 2024, Mr. Wong Ka Man has resigned as (i) joint company secretary of the Company; and (ii) one of the authorised representatives of the Company.

On 3 June 2024, Mr. Wong Sui Chi has been redesignated from an independent non-executive Director to an executive Director. Mr. Law Sai Kit and Mr. Lam Chun Hin have been appointed as executive Directors of the Company with effect from 3 June 2024. On the other hand, Ms. Lam Wai has been appointed as a joint company secretary of the Company, Ms. Lam will work with Mr. Tse Chun Lai (“**Mr. Tse**”) as joint company secretaries of the Company.

On 28 June 2024, (i) Mr. John Warren McLennan has retired as an executive Director, and has ceased to be the chairman of the board, the chief executive officer, a member of the remuneration committee and the authorised representative and the compliance officer of the Company; (ii) Ms. Shawlain Ahmin has retired as an executive Director of the Company; (iii) Mr. Lee Fung Lun has retired as an independent non-executive Director, chairman of remuneration committee, and a member of each of audit and nomination committees of the Company; (iv) Mr. Chan Kin Sun, an independent non-executive Director, has been appointed as chairman of remuneration committee, and a member of each of audit and nomination committees of the Company; (v) Mr. Tse has resigned as a joint company secretary of the Company; and (vi) Ms. Wong Wing Man, an executive Director, has been appointed as the chairperson of the Board and the authorised representative of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

On 20 November 2024, Ms. Lam Wai has resigned as the company secretary of the Company. Mr. Wong Sui Chi, an executive Director, has been appointed as the company secretary and the authorised representative of the Company.

For the remaining months of the financial year, the Group will continue to focus on the needs of our customers in different regions and market segments in which the Group operates and develops our products and services which serve their needs.

FINANCIAL REVIEW

Revenue

For the twelve months ended 31 December 2024 (“**2024**”), the Group’s revenue was approximately HK\$327.1 million, representing an increase of approximately HK\$76.6 million or 30.6% as compared with that of the twelve months ended 31 December 2023 (“**2023**” or the “**Corresponding Period in 2023**”) of approximately HK\$250.6 million. Such increase was mainly due to the completion of certain large-scale corporate projects under the segment of Projects. The Group’s Projects include the corporate sales in Hong Kong, which consists of furniture packages for apartments and sales of showflat furniture. It is noted that there was a drastic increase in revenue by 84% in 2024 as compared to Corresponding Period in 2023. Such increase was mainly attributable to the completion of a certain large-scale projects which contributed a significant growth of the Group’s revenue in 2024.

The Group’s revenue derived from the Furniture Sales business decreased by approximately 1.6% from approximately HK\$130.9 million in the Corresponding Period in 2023 to approximately HK\$128.8 million in 2024. The decrease was mainly attributable to the decline in Hong Kong retail sales revenue (see below).

In Hong Kong, the Group’s retail sales revenue decreased significantly by approximately 25.6% in 2024 as compared to the Corresponding Period in 2023. The post-COVID era since early 2024 does not seem to benefit the Hong Kong retail since the opening of the borders together with the weak Renminbi against United States Dollars resulted in the outflux of locals travelling out of Hong Kong to overseas and mainland China. The weak second-hand property market in 2024 also had an adverse impact on the furniture retail market.

On the other hand, the Group’s retail sales from Dubai decreased by approximately 17.2% in 2024 as compared to the Corresponding Period in 2023, primarily due to the fierce market competition in Dubai.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit

Our gross profit varied principally as a result of the composition of the revenues of our Furniture Sales, Furniture Rental and Projects businesses, changing market conditions and their effects on product pricing, product mix and our cost of sales. Overall, the gross profit margins of our Furniture Sales (except franchise) and Furniture Rental businesses are higher than the gross profit margin of the Projects business due to the provision of design and styling and custom furniture services in the latter.

The gross profit of the Group increased by approximately HK\$9.9 million or 7.9% from approximately HK\$127.1 million in the Corresponding Period in 2023 to approximately HK\$137.0 million in 2024. We saw a decrease in overall gross profit margin (from approximately 50.7% in the Corresponding Period in 2023 to approximately 41.9% in 2024) due to offering competitive pricing on our projects to the customers, which resulted in a lower gross profit margin in 2024, as compared to the corresponding in 2023.

Other income and gains

The Group's other income and gains for 2024 was approximately HK\$1.9 million compared to approximately HK\$2.7 million in the Corresponding Period in 2023. The decrease in other income and gains was mainly attributable to (i) decrease in consultancy income; (ii) decrease in royalty income from franchising; and (iii) a loss in fair value on the investment properties.

Gain on disposal of subsidiaries

The Group recorded an gain on disposal of approximately HK\$7.6 million of the subsidiaries including Deep Blue, Indigo Overseas and Mega Ocean Limited for the twelve months ended 31 December 2024.

Selling and distribution costs

Our selling and distribution costs comprise mainly staff costs of sales teams, sales commission, advertising and promotion, transportation and delivery costs, credit card commission, agency fees and other expenses. The Group's selling and distribution costs decreased by approximately 10.4% from approximately HK\$50.9 million in the Corresponding Period in 2023 to approximately HK\$45.6 million in 2024. The decrease was mainly attributable to our stringent control over staff costs of sales teams and advertising costs.

Administrative and other operating expenses

Our administrative and other operating expenses comprised mainly staff cost (other than the sales teams), rental and related expenses, depreciation of property, plant and equipment (other than those relating to the Furniture Rental business), depreciation of right-of-use assets, staff benefits and others. Such expenses decreased by approximately 4.8% from approximately HK\$93.1 million in the Corresponding Period in 2023 to approximately HK\$88.6 million in 2024, mainly attributable to (i) the decrease in staff costs as a result of the decrease of our retail stores; and (ii) decrease in warehouse expenses as a result of outsourcing the functions of the warehouses to other third party in order to operate in order to reduce our fixed operating costs.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance costs

The Group's finance costs in 2024 consisted of (i) bank interest expenses on bank loans and import loan financing of approximately HK\$1.5 million (Corresponding Period in 2023: approximately HK\$1.1 million), the increase of which was mainly due to the increase in the interest rate of bank borrowings during 2024 as compared to that in Corresponding Period in 2023; and (ii) interest expenses of HK\$1.5 million (Corresponding Period in 2023: approximately HK\$1.8 million) on the lease liabilities in respect of the tenancies of certain premises, which the Group has entered into as a lessee.

Profit/(Loss) for the period

The Group's profit attributable to owners of the Company for 2024 amounted to approximately HK\$9.4 million (Corresponding Period in 2023: a loss attributable to owners of the Company of approximately HK\$33.5 million).

Trade and other receivables

The Group's trade and other receivables as at 31 December 2024 amounted to HK\$66.5 million (31 December 2023: HK\$85.4 million), which consists of the following:

- (a) Trade receivables of HK\$24.8 million (31 December 2023: HK\$38.1 million), net of expected credit loss allowance of HK\$2.4 million (31 December 2023: HK\$2.4 million). The decrease was mainly attributable to settlement of trade receivables during 2024;
- (b) Trade deposits of HK\$5.1 million (31 December 2023: HK\$23.0 million) paid to the Group's suppliers before receipts of the inventories purchased. The balances of such trade deposits at any given point of time depend on the progress of the corporate sales and projects (which in turn affects the timing of the purchases of items in respect of such projects) and also the timing of the purchases of seasonal launches and replenishments;
- (c) Rental and other deposits of HK\$5.3 million (31 December 2023: HK\$7.1 million); and
- (d) Prepayments and other receivables of HK\$33.5 million (31 December 2023: HK\$17.0 million).

Trade and other payables

The Group's trade and other payables as at 31 December 2024 amounted to HK\$39.6 million (31 December 2023: HK\$27.0 million), which consists of the following:

- (a) Trade payables to suppliers of HK\$2.8 million (31 December 2023: HK\$8.4 million);
- (b) Deposits received from customers of HK\$19.2 million (31 December 2023: HK\$2.8 million);
- (c) Other payables of HK\$13.7 million (31 December 2023: HK\$6.6 million) mainly represents credit notes issued, accrued project costs and purchases, and value-added tax payable; and
- (d) Accruals of HK\$3.8 million (31 December 2023: HK\$9.3 million) consists of staff costs (mainly commission accruals and bonus provision) and accruals of certain expenses of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE LISTING

The net proceeds from the Listing (the “**Net Proceeds**”) received by the Company after deducting the underwriting commissions and fees and other listing related expenses amounted to approximately HK\$48.5 million.

As disclosed in the Company’s announcement dated 1 February 2024, having carefully considered the latest business environment and development needs of the Group, the Board had resolved to change the use of the unutilised net proceeds of HK\$10.8 million (“**Unutilised Net Proceeds**”).

The following table sets forth the status of the use of the Net Proceeds as at 31 December 2024:

| | Original allocation of Net Proceeds as stated in the prospectus of the Company dated 29 June 2018 (the “Prospectus”) HK\$’000 (approximately) | Revised allocation of the Net Proceeds as disclosed in the announcement of the Company dated 18 February 2022 HK\$’000 (approximately) | Utilised Net Proceeds as at the date of the announcement of the Company dated 1 February 2024 HK\$’000 (approximately) | Unutilised Net Proceeds as at the date of the announcement of the Company dated 1 February 2024 HK\$’000 (approximately) | Further revised allocation of Unutilised Net Proceeds HK\$’000 (approximately) | Utilised Net Proceeds up to 31 December 2024 HK\$’000 (approximately) | Unutilised Net Proceeds as at 31 December 2024 HK\$’000 (approximately) |
|--|---|--|---|---|--|---|---|
| Expand the Group’s retail network by opening additional retail stores in PRC and UAE | 28,382 | 12,284 | (4,186) | 8,098 | - | - | - |
| Expand the Group’s retail network by opening additional retail stores in Hong Kong | - | 2,000 | (1,575) | 425 | - | - | - |
| Enhance the Group’s online shop and the Group’s information technology capability | 3,893 | 3,000 | (2,128) | 872 | 1,200 | (1,200) | - |
| Recruitment of additional staff | 5,545 | - | - | - | - | - | - |
| Recruitment for the Group’s planned new retail stores in PRC and UAE | 1,556 | 1,392 | - | 1,392 | - | - | - |
| Increasing the Group’s inventory | 5,056 | - | - | - | - | - | - |
| Engaging in the Furniture Supply Projects | - | - | - | - | 9,587 | (9,587) | - |
| General working capital | 4,043 | 5,000 | (5,000) | - | - | - | - |
| | <u>48,475</u> | <u>23,676</u> | <u>(12,889)</u> | <u>10,787</u> | <u>10,787</u> | <u>(10,787)</u> | <u>-</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE PLACING

(a) The First Placing in February 2024

The net proceeds from a placing of the 22,500,000 new shares of the Company on 2 February 2024 (“**First Placing 2024**”), after deduction of placing commission and other fees, costs, charges and expenses of the placing are approximately HK\$4.60 million. The Company intends to apply the net proceeds from the placing to general working capital of the Group, as disclosed in the announcement of the dated 17 January 2024.

(b) The Second Placing in March 2024

The net proceeds from the placing of the 15,516,000 new shares of the Company on 20 March 2024 (“**Second Placing 2024**”), after deduction of placing commission and other fees, costs, charges and expenses of the placing are approximately HK\$3.18 million. The Company intends to apply the net proceeds from the placing to (a) the possible merger and acquisition opportunities and (b) general working capital of the Group as disclosed in the announcement dated 4 March 2024.

(c) The Placing in June 2023

As disclosed in the Company’s announcement dated 1 February 2024, given the fact that the Company has not identified other suitable acquisition targets or investment opportunities at that moment and considering that the Group may need further capital to finance and support its daily operation after taking into account the Group’s engagement in the possible projects with some local developers involving supply of furniture package, in order to better deploy the resources of the Group, the Board has resolved to reallocate the balance of the net proceeds from the placing of 230,700,000 new shares of the Company (the “**June 2023 Placing**”) of approximately HK\$5.3 million from financing possible investment in businesses to general working capital for daily operations.

MANAGEMENT DISCUSSION AND ANALYSIS

(d) The Third Placing in August 2024

The net proceeds from a placing of the 42,700,000 new shares of the Company on 28 August 2024 (“**Third Placing 2024**”), after deduction of placing commission and other fees, costs, charges and expenses of the placing are approximately HK\$6.88 million. The Company intends to apply the net proceeds from the placing to general working capital of the Group, as disclosed in the announcement of the dated 28 August 2024.

The following table sets forth the status of the use of the net proceeds from the June 2023 Placing, the First Placing 2024, Second Placing 2024 and the Third Placing 2024 as at 31 December 2024:

| Event | Business strategies | Approximate net proceeds HK\$'000 | Approximate amount utilized during the twelve months ended | Approximate unutilized net proceeds as at |
|---------------------|--|--------------------------------------|--|---|
| | | | 31 December 2024 HK\$'000 | 31 December 2024 HK\$'000 |
| June 2023 Placing | general working capital for operations | 5,300 | (5,300) | Fully utilized |
| First Placing 2024 | general working capital for operations | 4,600 | (4,600) | Fully utilized |
| Second Placing 2024 | general working capital for operations | 3,180 | (3,180) | Fully utilized |
| Third Placing 2024 | general working capital for operations | 6,880 | (6,880) | Fully utilized |

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

We have funded our operations primarily through net cash flow generated from our operations. Our primary uses of cash have been, and are expected to continue to be, operational costs and capital expenditures for business expansion. We also use our import financing facilities and the funds from the proceeds of the Listing and the placing for implementing our plans and purposes as detailed in the paragraphs headed “Use of Proceeds from the Listing” and “Use of Proceeds from the Placing” above.

The Group had cash and cash equivalents of approximately HK\$9.3 million as at 31 December 2024 (31 December 2023: HK\$23.3 million). Most of such cash and cash equivalents were denominated in the functional currencies of the countries/regions in which the Group’s subsidiaries operate. As at 31 December 2024, the Group had total interest-bearing bank borrowings of approximately HK\$10.1 million (31 December 2023: HK\$11.6 million). All borrowings were denominated in Hong Kong Dollars (“**HKD**”) and AED.

MANAGEMENT DISCUSSION AND ANALYSIS

GEARING RATIO

The Group monitors capital using a gearing ratio, which is the Group's total debts (i.e. interest-bearing bank and other borrowings) over its total equity. The Group's policy is to keep the gearing ratio at a reasonable level.

The Group's gearing ratio as at 31 December 2024 was 10.6% (31 December 2023: 30.1%).

PLEDGE OF ASSETS

The Group did not have any pledge of assets as at 31 December 2024 and 31 December 2023.

FOREIGN CURRENCY RISK

The Group's sales and direct costs were primarily denominated in the functional currency of the operations to which the transactions are related. Accordingly, we consider that the Group's exposure to foreign currency risk is minimal.

The Group does not have foreign currency hedging arrangement but will closely monitor the exposure and take measures when necessary.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group did not have any significant capital commitments (31 December 2023: Nil).

SIGNIFICANT INVESTMENT HELD

Apart from investments in subsidiaries and associate, as at 31 December 2024, the Group had no significant investment held.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the “Use of Proceeds from the Listing” section of this report, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 13 March 2024 (after trading hours), Raeford Holdings Limited, a wholly-owned subsidiary of the Company, entered into the agreement with the Mr. Tsang, Ka Wing Hiram, an independent third party, to dispose of the entire issued share capital of Deep Blue Living Limited, an indirect wholly-owned subsidiary of the Company, which in turn holding two subsidiaries principally engaged in the sale of home furniture and accessories in PRC.

On 23 September 2024 (after trading hours), Ms. Yan Kam Ying (the “**Vendor**”) and JF (Greater Bay) Group Company Limited, a wholly-owned subsidiary of the Company, entered into the share and purchase agreement dated 23 September 2024, pursuant to which JF (Greater Bay) Group Company Limited has conditionally agreed to acquire, and the Vendor has agreed to sell, a further 40% shareholding interest in Hong Kong Taichen Ecology Agricultural Development Company Limited (the “**Target Shares**”) at the total consideration of HK\$4.5 million, of which HK\$4,021,500 will be satisfied by cash and HK\$478,500 will be satisfied by the allotment and issue of an aggregate total of 2,900,000 shares of the Company (the “**Consideration Shares**”) to the Vendor at HK\$0.165 per share. Subject to and upon the completion of the acquisition of the Target Shares, the Consideration Shares will be allotted and issued to the Vendor, which represent approximately 1.07% of the issued share capital of the Company as at 23 September 2024 and approximately 1.06% of the issued share capital of the Company as enlarged by the Consideration Shares.

For details, please also refer to the announcements of the Company dated 23 September 2024.

Save as disclosed in this report, the Group did not have any other material acquisitions and disposals during the twelve months ended 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE AND EMOLUMENT POLICIES

As at 31 December 2024, the employee headcount (including executive Directors) of the Group was 92 (31 December 2023: 156) and the total staff costs, including share-based payment expenses and sales commission (including Directors' emoluments) amounted to approximately HK\$63.8 million in 2024 (Corresponding Period in 2023: approximately HK\$72.8 million).

The Group recruits and promotes individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff and to enable smooth operations within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis. The emoluments of the Directors and senior management are reviewed and approved by the Board of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

Pursuant to the written resolution of the shareholders of the Company on 19 June 2018, the Company adopted a share option scheme for the purpose of granting options to eligible participants as incentives or rewards for their contribution to the Group. However, no share options were outstanding since 31 December 2022.

EVENTS AFTER CURRENT PERIOD

On 21 January 2025, Miracle Ace International Limited, a wholly-owned subsidiary of the Company, disposed of the entire issued share capital of Shine Key Inc Limited and Mega Champion Inc Limited, indirectly wholly-owned subsidiaries of the Company, which in turn holding two investment properties, to Mr. Cheung Chi Keung, an independent third party.

For details, please refer to the Company's announcements dated 21 January 2025 and 12 February 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2024, the interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) held by the Directors and chief executives of the Company (the “Chief Executives”) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

(i) Long position in the shares of the Company (the “Shares”)

| Name | Capacity/ Nature of interest | Number of Shares held | Percentage of shareholding (note 1) |
|-------------------|---|--------------------------|---|
| Ms. WONG Wing Man | Interest in a controlled corporation (note 2) | 47,617,000 | 17.40% |

Notes:

- (1) The calculation is based on the total number of 273,696,000 Shares in issue as at 31 December 2024.
- (2) Ms. WONG Wing Man holds such 47,617,000 Shares through Century Great Investments Limited which is wholly owned by Ms. WONG.

(ii) Long position in the shares of associated corporations

| Name of Directors | Name of associated corporation | Nature of interest | Number of shares of US\$1.00 each in our associated corporation held | Approximate percentage of shareholding in our associated corporation |
|-------------------|--------------------------------------|---------------------|--|---|
| Ms. WONG Wing Man | Century Great Investments Limited | Beneficial interest | 1 | 100% |

CORPORATE GOVERNANCE AND OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the register of substantial shareholders required to be kept under Section 336 of Part XV of the SFO showed that the Company had been notified of the following substantial shareholders' interests, being 5% or more in the issued ordinary share capital of the Company. These interests are in addition to those disclosed above in respect of the Directors and Chief Executives.

| Name | Capacity/ Nature of interest | Number of Shares held (note 8) | Percentage of shareholding (note 2) |
|-----------------------------------|---|---|--|
| Century Great Investments Limited | Beneficial interest (note 5) | 47,617,000 (L) | 17.40% |
| Ms. WONG Kwai Shan | Beneficial interest | 38,430,000 (L) | 14.04% |
| Double Lions Limited | Beneficial interest | 29,440,000 (L) | 10.76% |
| Ms. Tracy-Ann FITZPATRICK | Interest in a controlled corporation, interest held jointly with other persons (note 1) and interest of spouse (note 3) | 29,440,000 (L) | 10.76% |
| Mr. David Frances BULBECK | Interest of spouse (note 3) | 29,440,000 (L) | 10.76% |
| Ms. Alison Siobhan BAILEY | Interest in a controlled corporation, interest held jointly with other persons (note 1) and interest of spouse (note 4) | 29,440,000 (L) | 10.76% |
| Mr. James Seymour Dickson LEACH | Interest in a controlled corporation, interest held jointly with other persons (note 1) and interest of spouse (note 4) | 29,440,000 (L) | 10.76% |
| Mr. John Martin RINDERKNECHT | Interest in a controlled corporation and interest held jointly with other persons (note 1) | 29,440,000 (L) | 10.76% |
| Mr. John Warren MCLENNAN | Interest in a controlled corporation, interest held jointly with other persons (note 1) and interest of spouse (note 6) | 29,440,000 (L) | 10.76% |
| Mrs. Jennifer Carver MCLENNAN | Interest of spouse (note 6) | 29,440,000 (L) | 10.76% |

CORPORATE GOVERNANCE AND OTHER INFORMATION

| Name | Capacity/ Nature of interest | Number of Shares held <i>(note 8)</i> | Percentage of shareholding <i>(note 2)</i> |
|---|---|---|--|
| Accumulate More Profits Limited | Interest in a controlled corporation <i>(note 7)</i> | 18,580,000 (L) | 6.79% |
| Easyknit International Holdings Limited | Interest in a controlled corporation <i>(note 7)</i> | 18,580,000 (L) | 6.79% |
| Gold Winner Investment Limited | Beneficial Interest <i>(note 7)</i> | 18,580,000 (L) | 6.79% |
| Mr. Christopher Geoffrey Douglas HOOPER | Interest in a controlled corporation <i>(note 7)</i> | 18,580,000 (L) | 6.79% |
| Mr. Ivan Geoffrey Douglas HOOPER | Interest in a controlled corporation <i>(note 7)</i> | 18,580,000 (L) | 6.79% |
| Magical Profits Limited | Interest in a controlled corporation <i>(note 7)</i> | 18,580,000 (L) | 6.79% |
| Markson International Holding Limited | Interest in a controlled corporation <i>(note 7)</i> | 18,580,000 (L) | 6.79% |
| The Winterbotham Trust Company Limited as trustee of The Magical 2000 Trust | Interest in a controlled corporation <i>(note 7)</i> | 18,580,000 (L) | 6.79% |
| Winterbotham Holdings Limited | Interest in a controlled corporation <i>(note 7)</i> | 18,580,000 (L) | 6.79% |

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

- (1) Double Lions Limited is owned as to 40.48% by Mr. John Warren MCLENNAN, 20.00% by Ms. Tracy-Ann FITZPATRICK, 14.88% by Ms. Alison Siobhan BAILEY, 14.88% by Mr. John Martin RINDERKNECHT and 9.76% by Mr. James Seymour Dickson LEACH. Each member of the Single Largest Shareholders Group executed the deed of acting in concert dated 12 February 2018 confirming the existence of their acting in concert and are deemed to be interested in all the Shares owned by Double Lions Limited.
- (2) The calculation is based on the total number of 273,696,000 Shares in issue as at 31 December 2024.
- (3) Mr. David Frances BULBECK is the spouse of Ms. Tracy-Ann FITZPATRICK and is deemed to be interested in the Shares held by Ms. Tracy-Ann FITZPATRICK by virtue of the SFO.
- (4) Ms. Alison Siobhan BAILEY and Mr. James Seymour Dickson LEACH are married to each other and each of them is deemed to be interested in the Shares held by her/his spouse via Double Lions Limited by virtue of the SFO.
- (5) Century Great Investments Limited is 100% owned by Ms. WONG Wing Man. Ms. WONG Wing Man was appointed as an executive Director of the Company with effect from 15 March 2023.
- (6) Mrs. Jennifer Carver MCLENNAN is the spouse of Mr. John Warren MCLENNAN and is deemed to be interested in the Shares held by Mr. John Warren MCLENNAN by virtue of the SFO.
- (7) 18,580,000 shares are held by Gold Winner Investment Limited. Gold Winner Investment Limited is owned 100% by Easyknit International Holdings Limited. Easyknit International Holdings Limited is owned 39.43% by Magical Profits Limited. Magical Profits Limited is 100% owned by Accumulate More Profits Limited. Accumulate More Profits Limited is 100% owned by The Winterbotham Trust Company Limited as trustee of The Magical 2000 Trust. The Winterbotham Trust Company Limited is 40% and 60% owned by Markson International Holding Limited and Winterbotham Holdings Limited respectively. Markson International Holding Limited is 99.99% owned by Mr. Ivan Geoffrey Douglas HOOPER. Winterbotham Holdings Limited is 99.99% owned by Mr. Christopher Geoffrey Douglas HOOPER.
- (8) The letter "L" denotes the entity/person's long position in the Shares.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other persons or companies who had any interest or short position in the Shares or underlying shares of the Company that was required to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIVIDENDS

The Board does not recommend the payment of an interim dividend for the twelve months ended 31 December 2024 (twelve months ended 31 December 2023: Nil).

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed above, at no time during the twelve months ended 31 December 2024 were rights to acquire benefits by means of the acquisition of Shares or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the twelve months ended 31 December 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities (including sale of treasury shares). As at 31 December 2024, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard of Dealings**”). Having made specific enquiry of all the Directors, each of them have confirmed that they have complied with the Required Standard of Dealings during the twelve months ended 31 December 2024, and the Company was not aware of any non-compliance with such Required Standard of Dealings and its code of conduct regarding securities transactions by Directors during such period.

COMPETING INTERESTS

As at the date of this report, save as disclosed in “Relationship with Controlling Shareholders” section of the prospectus of the Company dated 29 June 2018, none of the Directors, the Controlling Shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group or have any other conflicts of interest with the Group.

AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the GEM Listing Rules. The audit committee consists of three independent non-executive Directors, namely Mr. So Alan Wai Shing, who has the appropriate accounting and financial related management expertise and serves as the chairperson of the audit committee, Mr. Lee Kwong Ming and Mr. Chan Kin Sun.

The financial information in this report has not been audited by the auditor of the Company, but the audit committee has reviewed this report and has provided advice and comments thereon.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

As at 31 December 2024, the Company does not have advances to any entity nor advances to affiliated companies and the controlling shareholders of the Company have not pledged all or part of their Shares. There is no circumstances which would give rise to a disclosure obligation on the part of the Group pursuant to Rules 17.22 to 17.24 of the GEM Listing Rules.

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 of the GEM Listing Rules and to the best knowledge of the Board, the Company had complied with the code provisions of the CG Code, except that until 28 June 2024, Mr. John Warren MCLENNAN (“**Mr. MCLENNAN**”) served as both the chairman of the Board and the chief executive officer of the Company, such practice deviates from code provision C.2.1 of the CG Code as contained in Appendix C1 to the GEM Listing Rules. The Board believes that vesting the roles of both the chairman of the Board and the CEO in the same person can facilitate the execution of the Group’s business strategies and boost effectiveness of its operation. Taking into account Mr. MCLENNAN’s substantial experience and leadership position in the management of the Company, the Board considered that Mr. MCLENNAN acting as both the chairman of the Board and the CEO enables effective management of the Company and is in the interests of the Group and the Shareholders as a whole. Mr. MCLENNAN retired as executive Director and Ms. Wong Wing Man has been appointed as the chairperson of the Board on 28 June 2024. The position of chief executive officer is vacant. The Company had not appointed any individual to take up the post of CEO and the functions of the CEO have been performed by all executive directors. In addition, the Board currently comprises four executive Directors and three independent non-executive Directors. The Board will remain appropriately structured with balance of power to provide sufficient checks and supervision to protect the interests of the Company and the Shareholders as a whole.

By Order of the Board
Pacific Legend Group Limited
Wong Wing Man
Executive Director and Chairperson

Hong Kong, 26 February 2025

As at the date of this report, the Board comprises Ms. Wong Wing Man, Mr. Wong Sui Chi, Mr. Law Sai Kit and Mr. Lam Chun Hin as executive Directors; and Mr. So Alan Wai Shing, Mr. Lee Kwong Ming and Mr. Chan Kin Sun as independent non-executive Directors.