Qingdao Holdings International Limited
青島控股國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 499)

2024 ANNUAL REPORT

*For identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Cui Mingshou *(Chairman)*
Mr. Wang Yimei *(Deputy Chairman and Chief Executive Officer)* (Resigned the role of Chief Executive Officer on 24 March 2025)
Mr. Hu Liang

Independent Non-executive Directors:

Mr. Yin Tek Shing, Paul
Mr. Wong Tin Kit (Retired on 26 June 2024)
Ms. Zhao Meiran
Mr. Li Xue
Mr. Wang Yaping (Appointed on 20 December 2024)

Chief Executive Officer:

Mr. Chen Bo (Appointed on 24 March 2025)

AUDIT COMMITTEE

Mr. Li Xue *(Chairman)*
Mr. Yin Tek Shing, Paul
Mr. Wong Tin Kit (Retired on 26 June 2024)
Ms. Zhao Meiran
Mr. Wang Yaping (Appointed on 20 December 2024)

REMUNERATION COMMITTEE

Mr. Wong Tin Kit *(Chairman)* (Retired on 26 June 2024)
Mr. Yin Tek Shing, Paul
Ms. Zhao Meiran
Mr. Li Xue
Mr. Wang Yaping *(Chairman)* (Appointed on 20 December 2024)

NOMINATION COMMITTEE

Mr. Cui Mingshou *(Chairman)*
Mr. Yin Tek Shing, Paul
Mr. Wong Tin Kit (Retired on 26 June 2024)
Ms. Zhao Meiran
Mr. Li Xue
Mr. Wang Yaping (Appointed on 20 December 2024)

CORPORATE INFORMATION

COMPANY SECRETARY

Mr. Chan Kwong Leung, Eric

AUTHORISED REPRESENTATIVES

Mr. Wang Yimei
Mr. Chan Kwong Leung, Eric

HONG KONG LEGAL ADVISER

King & Wood Mallesons
13/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

China Citic Bank International Limited
Bank of Communications Co., Ltd.
Hang Seng Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit No. 8, 26th Floor, Tower 1
Admiralty Centre
No. 18 Harcourt Road
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

TRICOR INVESTOR SERVICES LIMITED
17/F, Far East Finance Center
16 Harcourt Road
Hong Kong

STOCK CODE

Hong Kong Stock Exchange: 499

WEBSITE

http://www.qingdaohi.com

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board"), I would like to present the annual results of Qingdao Holdings International Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024 (the "Year").

Despite the complex and volatile global economic environment over the past Year, the Group made positive progress in various business areas. During the Year, the Group's total revenue represented RMB44.3 million (2023: RMB42.3 million), reflecting an increase compared to the previous year. This growth demonstrates the recovery in market demand and the Group's continuous efforts in property leasing and digital calligraphy education equipment.

In 2024, China's Gross Domestic Product (GDP) grew by 5% year-on-year, facing certain downward pressures. Against this backdrop, since late September 2024, the central government's measures to "stabilize growth" have accelerated significantly. The Politburo meeting emphasized the need to "promote the stabilization and recovery of the real estate market," anticipating that the core cities' real estate market in China will gradually bottom out, with rental levels expected to stabilize. In 2024, despite the initial market recovery in Hong Kong's property market due to the Special Administrative Region (SAR) government's policy adjustments (including the comprehensive "withdrawal of all property cooling measures") and the decline in Hong Kong dollar interest rates, the overall market still faced challenges of oversupply and economic uncertainty, leading to further declines in property prices. During the Year, the Group recorded rental income of RMB11.3 million, representing a 27.9% increase compared to RMB8.8 million in 2023.

In 2024, the national policy support for the calligraphy and painting education software industry continued to strengthen, especially in the areas of educational informatization and cultural heritage. The government introduced a series of policies to encourage the education and inheritance of traditional culture, with calligraphy education gradually being incorporated into the compulsory curriculum of primary and secondary schools. This has provided a favorable policy environment for the development and promotion of calligraphy education software. Meanwhile, the National Copyright Administration of China has strengthened the regulation of educational software, ensuring that educational institutions use genuine software in teaching, thereby improving the overall quality of education. This will provide a clearer legal framework and guidance for our compliant operations in the calligraphy education software field, ensuring that our products and services meet the latest national requirements for copyright protection. In 2024, the Group's production and sales of educational equipment business recorded revenue of RMB33.0 million, remaining roughly stable compared to RMB33.5 million in 2023.

During 2024, the Group's 51%-owned subsidiary, NEQH Development and Construction Co., Ltd. ("Nuclear Construction Qingdao"), signed an equity transfer contract with Bengbu City Huaiying Investment and Management Company Limited ("Huaiying Investment"), under which Nuclear Construction Qingdao sold its 95% equity interest in Bengbu City Huai Yi Construction and Development Ltd. ("Huaiyi Construction") to Huaiying Investment. This transaction was completed in December 2024, and Huaiyi Construction ceased to be a subsidiary of the Company, thereby optimizing the Group's resources and streamlining its structure, benefiting the Group in reallocating resources to other existing businesses.

CHAIRMAN'S STATEMENT

Looking ahead to 2025, the calligraphy and painting education software industry will see more development opportunities. Firstly, the national emphasis on traditional culture will continue to promote the popularization of calligraphy education, further expanding market demand. Secondly, with the maturity of artificial intelligence and big data technologies, personalized learning and intelligent teaching will become new trends in the industry's development. Educational software will focus more on user experience, providing customized learning solutions to meet the needs of different users. Additionally, as international cultural exchanges deepen, calligraphy art is gradually reaching various parts of the world, bringing new opportunities for calligraphy education software, with reasonable expectation of increase in international market demand for calligraphy education. To seize these development opportunities, the Group will consider to strengthen cooperation with technology companies in 2025, develop more intelligent calligraphy education products, plan to launch a series of online and offline integrated courses, and utilize new technologies such as virtual reality to enhance the learning experience. Meanwhile, the Group will actively participate in international calligraphy cultural exchange activities to promote brand influence and market competitiveness.

In 2025, despite the challenges in the property market, with the support of the central government and the Hong Kong SAR government policies and the gradual market recovery, the real estate leasing market is expected to have more development opportunities. The Group will continue to optimize its leasing strategy for Hong Kong properties by offering more competitive rents and flexible leasing terms to attract quality tenants. We will also closely monitor market dynamics and adjust property management and operation strategies in a timely manner to respond to market changes.

In 2025, the Company plans to develop trading business to expand its business scope and optimize its revenue structure. The Company will establish a comprehensive supplier and customer management system to ensure business stability and sustainable development. In the future, the Company plans to enhance market competitiveness through the trading business and achieve diversified development.

Looking forward to the future, the Group will continue to adhere to prudent financial management and strict cost control principles, actively explore the opportunities to acquire assets with high technological content and innovative business models to drive business and revenue diversification. We will also seize various potential business and investment opportunities in the Greater China region to promote business growth and strive to bring maximum returns to the shareholders of the Company (the "Shareholders").

Finally, the Board would like to express its heartfelt gratitude to the management team and employees for their unswerving and valuable contributions to the development of the Group over the past year. The Board also sincerely thanks Shareholders, investors, customers, and business partners for their unremitting support for the Group.

On behalf of the Board of Directors
Cui Mingshou
Executive Director and Chairman

Hong Kong, 24 March 2025

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial period/years is set out below.

	Year ended 31 December 2020 RMB'000	Year ended 31 December 2021 RMB'000	Year ended 31 December 2022 RMB'000	Year ended 31 December 2023 RMB'000 (re-presented)	**Year ended 31 December 2024 RMB'000**
Revenue	66,650	69,260	56,601	42,305	**44,334**
Profit/(loss) before tax	10,536	12,503	(84,763)	(60,399)	**(13,740)**
Income tax (expense)/credit	(6,327)	(7,084)	15,922	12,763	**(3,876)**
Profit/(loss) for the year/period (Note 1)	4,209	5,419	(68,841)	(47,636)	**(17,616)**
Attributable to:					
Owners of the parent	2,435	8,362	(63,531)	(47,324)	**(15,312)**
Non-controlling interests	1,774	(2,943)	(5,310)	(312)	**(2,304)**
	4,209	5,419	(68,841)	(47,636)	**(17,616)**

	Year ended 31 December 2020 RMB cents	Year ended 31 December 2021 RMB cents	Year ended 31 December 2022 RMB cents	Year ended 31 December 2023 RMB cents	**Year ended 31 December 2024 RMB cents**
Earnings/(loss) per share (Note 2)	0.45	1.00	(6.36)	(4.74)	**(1.53)**

	As at 31 December 2020 RMB'000	As at 31 December 2021 RMB'000	As at 31 December 2022 RMB'000	As at 31 December 2023 RMB'000	**As at 31 December 2024 RMB'000**
Total assets (Note 4)	799,756	1,037,449	1,100,442	1,246,998	**726,903**
Total liabilities	(511,221)	(587,116)	(702,047)	(893,688)	**(387,781)**
Total equity (Note 3)	288,535	450,333	398,395	353,310	**339,122**
Equity attributable to:					
Owners of the parent	222,077	384,873	338,245	293,472	**283,539**
Non-controlling interests	66,458	65,460	60,150	59,838	**55,583**

Notes:

1. Represents the consolidated profit/(loss) for the year ended 31 December 2020, 2021, 2022, 2023 and 2024.

2. Represents the consolidated earnings/(loss) per share for the year ended 31 December 2020, 2021, 2022, 2023 and 2024.

3. Represents the consolidated total equity at 31 December 2020, 2021, 2022, 2023 and 2024.

4. Represents the consolidated total assets at 31 December 2020, 2021, 2022, 2023 and 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the business of leasing of investment properties, production and sale of the digital Chinese calligraphy education equipment and relevant learning, tutorial systems and the provision of loan financing, consulting services and property development.

Leasing of Properties

During the Year, the rental income from the leasing of investment properties located in Hong Kong and the People's Republic of China (the "PRC") amounted to approximately RMB11,305,000 (2023: RMB8,839,000), which accounted for 25.5% of the Group's total revenue. Owing to the unfavorable situation of office properties in Hong Kong, one investment property is still vacant and the Company is actively looking for suitable tenants.

Production and Sale of Digital Chinese Calligraphy Education Equipment

During the Year, revenue generated from the production and sale of digital Chinese calligraphy education equipment amounted to approximately RMB33,029,000 (2023: RMB33,466,000), which accounted for 74.5% of the Group's total revenue.

In 2024, our main products continued to develop well in the northwest China market, leading in market share. In key provinces of our strategic goals, such as Sichuan, Jiangsu, and Zhejiang, our market share has significantly increased, achieving the intended results. The addition of art projects and traditional calligraphy products, in line with market conditions, has increased the gross profit margin. Meanwhile, by reducing expenses and controlling large expenditures such as exhibition events, we have managed to reduce losses in this segment.

Loan Financing

During the Year, the Group's loan financing business did not generate any revenue (2023: nil). The Group did not grant any new loans during the Year.

The Group continues to maintain a sound credit control policy when advancing loans to its customers. The Group holds the principle that prudent measures are particularly important and essential. Nevertheless, after careful consideration, the Group has decided to discontinue this business in 2025.

Consulting Services

During the Year, the provision of consulting services segment did not generate any revenue (2023: nil). The consulting services mainly included consulting services provided to property developers engaged in the construction works in new districts in the PRC.

Property Development

The Group had, through Huaiyi Construction, successfully acquired the land use right in respect of a land where the project is located by way of bidding in March 2021. Upon completion of the acquisition of Huaiyi Construction, property development became one of the principal business activities of the Group. During the Year, the Group's 51%-owned subsidiary, Nuclear Construction Qingdao, signed an equity transfer contract with Huaiying Investment under which Nuclear Construction Qingdao sold its 95% equity interest in Huaiyi Construction to Huaiying Investment. This transaction was completed in December 2024, and Huaiyi Construction ceased to be a subsidiary of the Company. For details, please refer to the announcements of the Company dated 30 December 2022, 30 January 2023, 24 October 2024, 21 November 2024 and 29 November 2024 and the circular of the Company dated 18 December 2024, respectively. After completion of the disposal of Huaiyi Construction, the Group discontinued the property development business.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue and Results

During the Year, the Group recorded a revenue of approximately RMB44,334,000 (2023: RMB42,305,000). The Group recorded a loss attributable to the equity holders of the parent in the amount of approximately RMB15,312,000 for the Year (2023: loss attributable to the equity holders of the parent of RMB47,324,000). Loss per Share was RMB1.53 cents for the Year (2023: loss per Share of RMB4.74 cents). The loss was mainly attributable to (i) the decrease in fair value of investment properties of the Group, as a result of the unfavourable property market conditions; (ii) the share of loss in the joint venture due to delays in certain projects; and (iii) the reversal of previously recognized deferred tax assets.

Cost of inventories sold for the Year was approximately RMB18,791,000 (2023: RMB23,431,000, re-presented).

Other income for the Year was approximately RMB5,298,000 (2023: RMB4,646,000), representing an increase of approximately RMB652,000. The increase was primarily attributable to the increase of interest income from the banks.

Employee benefit expenses for the Year were approximately RMB14,195,000 (2023: RMB14,280,000), remaining relatively stable compared to the prior year.

Other operating expenses for the Year were approximately RMB18,145,000 (2023: RMB17,767,000), representing a slight increase of approximately RMB378,000, mainly because of increased professional fees due to significant disposal transactions.

Finance costs for the Year were approximately RMB22,354,000 (2023: RMB27,885,000), representing a decrease of RMB5,531,000. The decrease primarily resulted from the repayment of loans.

Income tax expense for the Year was approximately RMB3,876,000 (2023: income tax credit of RMB12,763,000). The increase in income tax expense was mainly because of the decrease in the deferred tax assets during the Year.

Segmental Information

An analysis of the Group's performance for the Year by business segment is set out in note 4 to the consolidated financial statements of this annual report.

Dividends

The Board does not recommend the payment of any final dividends for the Year (2023: nil).

As at the date of this report, there was no arrangement under which a Shareholder has waived or agreed to waive any dividends.

Liquidity and Financial Resources

As at 31 December 2024, the Group had total assets of approximately RMB726,903,000 (31 December 2023: RMB1,246,998,000), whereas total liabilities of the Group amounted to approximately RMB387,781,000 (31 December 2023: RMB893,688,000).

Accordingly, the net assets of the Group as at 31 December 2024 was RMB339,122,000 (31 December 2023: RMB353,310,000).

As at 31 December 2024, the outstanding bank and other borrowings of the Group (denominated in Renminbi) was approximately RMB7,637,000 (31 December 2023: RMB45,117,000).

The gearing ratio of the Group, being the net debt to net debt and equity, 35% as at 31 December 2024 (31 December 2023: 67%). The Directors believe that the Group has adequate cash resources to meet its commitments and current working capital requirements.

Capital Structure

The number of issued ordinary shares of the Company as at 31 December 2024 was 998,553,360 Shares (31 December 2023: 998,553,360 Shares).

The capital structure of the Group consists of debts, which includes bank borrowings, and equity attributable to owners of the parent, comprising share capital and reserves.

Pledge of Assets

As at 31 December 2024, the Group pledged certain of its investment properties with a market value of RMB119.9 million (31 December 2023: RMB127.1 million) to a bank in Hong Kong to secure mortgage financing facilities granted to the Group. As at 31 December 2024, the Group also pledged its leasehold land and building with a cost of RMB25.0 million (31 December 2023: RMB25.7 million) to a bank in the PRC to secure mortgage financing facilities granted to the Group.

As at 31 December 2024, the Group had no unutilized banking facilities (31 December 2023: nil).

Foreign Exchange Exposure

The Group's financial statements are presented in Renminbi. The Group carries out its business transactions mainly in Hong Kong dollars, Renminbi and United States dollars. The Group does not have any hedging arrangement for foreign exchange but will continue to closely monitor its foreign exchange exposure.

Capital Commitments

The Group did not have capital commitments including acquisition of subsidiary as at 31 December 2024 (2023: nil). Neither does the Group have any plan for any material investment, disposal of or addition of capital assets as at the date of this report.

The Group's capital commitments including leasehold land and buildings and capital contributions payable to joint ventures amounted to approximately RMB24.0 million as at 31 December 2024 (2023: RMB28.9 million).

Contingent Liabilities

As at 31 December 2024 and 31 December 2023, the Group did not have any material contingent liabilities.

FINANCIAL POLICY

The Group has adopted a prudent financial management approach and has maintained a solid liquidity position during the year. To manage liquidity risk, the Board closely monitors the liquidity position of the Group to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements from time to time.

PROSPECTS

Looking forward to 2025, the global economic situation remains complex and ever-changing, with increasingly fierce market competition. The Group will continue to focus on leasing of investment properties, production and sale of the digital Chinese calligraphy education equipment and relevant learning, tutorial systems and consulting services. We are committed to expanding the market and enhancing our brand influence through innovation and high-quality services. The Group also plans to develop its trading business as and when appropriate. In terms of internal management, we will further strengthen cost control and risk management, enhance operational efficiency and profitability. We believe that through the collective efforts of all employees and the effective decisions of the management, the Company will achieve higher-quality development in 2025 and create greater value for our Shareholders.

Lastly, the controlling shareholder, QCIG, issued a letter of financial support to the Group to further support the operations of the Group, while accelerating the process of acquiring potential high-quality assets, promoting asset acquisitions, gradually improving the Group's principal business, and maintaining the Group's market value. The defaulted loan was transferred to a connected person of the Company, and it is expected that the disposal will significantly reduce the operating risks of the Group. Sales of digital Chinese calligraphy education equipment are expected to continue to improve profitability and maintain growth. As the joint venture of the Group gradually commences operations, engineering development, construction and consulting income is expected to see significant growth in the foreseeable future.

HUMAN RESOURCES

The Group aims to provide employees with a stimulating and harmonious working environment. The Group also encourages life-long learning and offers training to its employees to enhance their performance and provide support to their personal development. As at 31 December 2024, the Group employed a total of 110 employees (31 December 2023: 121). Employees and Directors are remunerated based on their performance and experience, current industry practices and prevailing market conditions and in accordance with the existing labour laws. In addition to basic salaries, the employees and Directors are rewarded with performance-related bonuses and other staff welfare benefits.

MATERIAL TRANSACTIONS

1. The Transfer of Loan

On 15 November 2019, Qingdao Holdings (Hong Kong) Limited ("Qingdao (HK)"), a wholly-owned subsidiary of the Company, entered into a joint venture agreement (the "Joint Venture Agreement") with China Nuclear Industry Zhongyuan Construction Co., Limited* (中國核工業中原建設有限公司) ("China Nuclear Industry") and China Huadong Construction and Engineering Group Limited* (中國華東建設工程集團有限公司) ("China Huadong") in relation to the formation of a joint venture company (the "Joint Venture Company"). The Joint Venture Company is principally engaged in urban reconstruction and development, construction and management of parks, construction and management of municipal facilities and equity investment and capital deployment in the PRC.

On 25 February 2020, the Joint Venture Company and Huizhou Meile Land Company Limited* (惠州市美樂置地實業有限公司) ("Meile Land"), an independent third party of the Company, established Huizhou Yanlong Land Company Limited* (惠州市炎隆置業有限公司) ("Huizhou Yanlong"). Huizhou Yanlong is 49% and 51% owned by the Joint Venture Company and Meile Land, respectively. Huizhou Jiuyu Real Estate Company Limited*(惠州市九煜置業有限公司) ("Huizhou Jiuyu") is wholly owned by Huizhou Yanlong. Huizhou Jiuyu is expected to acquire the land use rights of the Land.

To provide Huizhou Jiuyu with part of the funding for the acquisition, development and operating expenses of the Land, Qingdao Qifeng Technology Services Co., Ltd.* (青島啟峰科技服務有限公司) ("Qifeng"), Qingdao Urban Rural Construction Micro-credit Loan Co. Ltd.* (青島城鄉建設小額貸款有限公司) ("QURC Micro-credit Loan Company") and Huizhou Jiuyu entered into an entrusted loan arrangement on 7 May 2020 (the "Entrusted Loan Arrangement"). Pursuant to the Entrusted Loan Arrangement, QURC Micro-credit Loan Company, acting as the lending agent, agreed to release a loan in the principal amount of RMB195,100,000 (the "Loan") funded by Qifeng, to Huizhou Jiuyu, subject to the terms and conditions of the entrusted loan contract dated 7 May 2020 entered into among Qifeng, QURC Micro-credit Loan Company and Huizhou Jiuyu and the entrusted loan entrustment contract. QURC Micro-credit Loan Company is a non-banking financial institution approved and regulated by the relevant PRC regulatory authorities and is a connected person of the Company.

On 7 May 2020, QCCIG entered into a loan agreement with Qifeng, pursuant to which, QCCIG agreed to provide, upon Qifeng's request, unsecured loan of RMB182,000,000 to Qifeng at an interest rate of 3.85% per annum ("Financial Assistance"). The Group used its internal resources and the Financial Assistance to fund the Loan for the years ended 31 December 2020, 2021 and 2022.

The entrusted loan entrustment contract had been terminated, QURC Micro-credit Loan Company ceased to be the lending agent in relation to the Loan and the Loan was provided to Huizhou Jiuyu by Qifeng directly.

In 2022, Huizhou Jiuyu failed to repay RMB191,600,000 of the principal of the Loan and approximately RMB7,006,000 of the interests of the Loan. Accordingly, as at 31 December 2023, the expected credit losses amounting to RMB43,694,000 were estimated by fair value of collateral and recovery rate. The loss rate applied at 31 December 2023 was 22%.

On 22 December 2023, Qifeng and Qingdao City Investment and Assets Management Company Limited (青島城投資產管理有限公司) entered into a transfer of loan agreement, pursuant to which, Qifeng, as the transferor, agreed to transfer the Loan to Qingdao City Investment and Assets Management Company Limited (青島城投資產管理有限公司), as the transferee, at the consideration of RMB155,000,000.

On 20 March 2024, the transfer of the Loan was approved at the special general meeting of the Company. Upon completion of the transfer of the Loan, the Company received RMB155,000,000, which was used to repay its Shareholders' loans.

For further details, please refer to the announcements of the Company dated 7 May 2020, 30 June 2020, 30 December 2022, 3 January 2023, 22 December 2023 and 20 March 2024 and the circulars of the Company dated 11 June 2020 and 29 February 2024.

2. The Disposal of 95% Equity Interest in Subsidiary

On 29 November 2024, NEQH Development and Construction Co. Ltd (核建青控開發建設有限公司) (the "Vendor", a 51% directly owned subsidiary of the Company), and Bengbu City Huaiying Investment and Management Company Limited (the "Purchaser", an independent third party), entered into the Equity Transaction Agreement, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to acquire 95% equity interest in Huaiyi Construction, at the consideration of RMB43,654,590 by way of public tender on the Qingdao Property Rights Exchange* (青島產權交易所). Upon completion of the disposal, Huaiyi Construction ceased to be a subsidiary of the Company.

Detailed information was provided in the announcements of the Company dated 24 October 2024, 21 November 2024, 29 November 2024 and 17 December 2024 and circular of the Company dated 18 December 2024.

CHANGE IN USE OF PROCEEDS FROM THE RIGHTS ISSUE

The net proceeds (the "Net Proceeds") from the rights issue of one rights share for every one existing share held by members on the register of members of the Company on 11 May 2021 (the "Rights Issue") was approximately RMB159.9 million.

As disclosed in the announcement of the Company dated 30 June 2022 in relation to the change of use of proceeds from the Rights Issue, the Company intended to use 90% of the Net Proceeds, being approximately RMB143.91 million, for other suitable investment opportunities.

As disclosed in the announcement of the Company dated 7 August 2024, the Company had resolved to change the use of and the expected timeline for the unutilised Net Proceeds. The Group has been exploring suitable investment opportunities. However, in view of the current economic downturn in the property market and the increasing market uncertainty, the Group has not yet made a final decision on potential opportunities. Rather than allowing the whole proceeds allocated for investment opportunities to continue to remain idle, the Board had resolved to utilise approximately RMB36.4 million for the repayment of bank loans which was due in August 2024, in order to improve the gearing ratio of the Group and reduce financing costs. In the future, if there are suitable opportunities, the Company will use various forms of financing, including but not limited to shareholder loans, to provide funding for the investment activities. The Board considers that the change in use of the Net Proceeds will be in the interests of the Group and the shareholders of the Company as a whole, and will not result in any material and adverse impact on the current business or operation of the Group.

As at 31 December 2024, out of the Net Proceeds, RMB74.56 million had been utilised for the settlement of bank loans and RMB15.99 million had been utilised as general working capital of the Group. The remaining Net Proceeds remained unutilised and had been deposited with bank in order to generate stable interest income.

The details of the use of the Net Proceeds as at 31 December 2024 are set out as follows:

Intended use of Net Proceeds	Proposed use of Net Proceeds as at 28 March 2023 RMB million ①	Actual use of the Net Proceeds up to 31 December 2023 RMB million ②	Change in use of the Unutilised Net Proceeds on 7 August 2024 RMB million ③	Actual use of the Net Proceeds during the Year RMB million ④	Unutilised balance as at 31 December 2024 RMB million ①-②+③-④	Expected timeline for full utilisation of the Unutilised Net Proceeds
As general working capital of the Group	15.99	13.5	–	2.49	Nil	Not applicable
Investment opportunities	105.75	–	(36.4)	–	69.35	30 June 2025
Repayment of bank loans	38.16	38.16	36.4	36.4	Nil	Not applicable
Total	159.9	51.66	–	38.89	69.35	

For details, please refer to the announcements of the Company dated 30 June 2022, 19 July 2022, 28 March 2023 and 7 August 2024, respectively.

EVENTS AFTER THE YEAR

Save as disclosed above, there is no event after the Year which would have a material impact on the Company's financial position.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Cui Mingshou ("Mr. Cui"), aged 57, was appointed as an executive Director, the chairman of the Board and the chairman of the nomination committee (the "Nomination Committee") of the Company on 6 January 2023. He is currently the chairman of 青島城投國際發展集團有限公司 (Qingdao City Investment International Development Group Co., Ltd.*) ("QCIIDG"), a wholly owned subsidiary of 青島城市建設投資(集團)有限責任公司 (Qingdao City Construction Investment (Group) Limited*) ("QCCIG") which is the ultimate controlling shareholder of the Company. Mr. Cui has over 30 years of experience in financial investment, capital operation, bulk commodities trading business and corporate management. Mr. Cui was the deputy general manager of 華青發展有限公司 (China Qingdao Development Limited*), the chairman of 青島城鄉社區建設投資集團有限公司 (Qingdao Urban and Rural Community Construction Investment Group Co., Ltd.*) and the chairman of 青島城鑫控股集團有限公司 (Qingdao Cheng Xin Investment Group Limited*), respectively. Mr. Cui obtained a master's degree in Business Administration from 西安交通大學 (Xi'an Jiaotong University*).

Mr. Wang Yimei ("Mr. Wang"), aged 46, was appointed as an executive Director, the deputy chairman of the Board, the chief executive officer of the Company on 6 January 2023. He is also a director of a number of subsidiaries of the Company. Mr. Wang is currently a deputy general manager of QCIIDG and the chairman of China Qingdao Development (Holdings) Group Company Limited ("CQDHG"), the intermediate holding company of the Company. He is also a director of China Qingdao International (Holdings) Company Limited ("CQIH"). CQIH, the Company's controlling shareholder, is a wholly-owned subsidiary of CQDHG and CQDHG is wholly owned by QCCIG. Mr. Wang has been working in the fields of corporate management, securities and investment and has accumulated substantial practical experience. Mr. Wang was an executive Director from 26 November 2015 to 27 March 2020. Mr. Wang obtained a master's degree in business administration from 中國海洋大學 (Ocean University of China*).

Mr. Hu Liang ("Mr. Hu"), aged 43, was appointed as an executive Director on 27 March 2020. He has over 10 years of extensive experience in finance especially in asset management, financial risk control and financial management. Mr. Hu had worked in the finance department of QCCIG, and served as the head of the risk control department of 青島城鄉社區建設融資擔保有限公司(Qingdao Urban and Rural Community Construction Financing Guarantee Limited*), and the assistant to general manager of 青島城投資產管理有限公司(Qingdao City Investment and Assets Management Company Limited*). Mr. Hu is currently the deputy general manager of QCCIG. He is also a director of CQDHG and a number of subsidiaries of the Company. Mr. Hu graduated from the Department of Economics, Shandong University, Weihai with a Bachelor's degree in finance.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yin Tek Shing, Paul ("Mr. Yin"), aged 82, was appointed as an independent non-executive Director on 27 September 2014. Mr. Yin is also a member of each of the Nomination Committee, the remuneration committee (the "Remuneration Committee") and the audit committee (the "Audit Committee") of the Company. He acted as President of The Chinese Manufacturer's Association of Hong Kong from 2008 to 2009. He is currently the permanent honorary president of The Chinese Manufacturer's Association of Hong Kong, founding chairman of Hong Kong Brand Development Council, a member of the People's Political Consultative Standing Committee of Qingdao City and founding president of Hong Kong Qingdao Association Limited. Mr. Yin actively participates in serving the community and his services include acting as a member of Trade and Industry Advisory Board, a council member of Hong Kong Productivity Council, a member of Hong Kong Labour Advisory Board, a member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region (the "HKSAR Government"), a council member of Hong Kong Trade Development Council, and a committee member of Innovation and Technology Commission. He was awarded the Bronze Bauhinia Star by the HKSAR Government in 2003. He was appointed as Justice of the Peace in 2007 and was awarded the Silver Bauhinia Star by the HKSAR Government in 2009.

Ms. Zhao Meiran ("Ms. Zhao"), aged 49, was appointed as an independent non-executive Director on 27 September 2014. Ms. Zhao is also a member of each of the Nomination Committee, the Remuneration Committee and the Audit Committee. Ms. Zhao is a Qingdao entrepreneur engaged in industries including trading and logistics and has extensive experience in corporate management. Ms. Zhao graduated from Shanghai University and currently serves as chairman of Qingdao Jinnuo Auction House, chairman of Qingdao Cheng Kun Trading Company Limited and general manager of America Los Angeles Travel Holiday Company Limited. Ms. Zhao has been an executive member of Qingdao Red Cross Dust Fund since 2010.

* For identification purpose only

Mr. Li Xue ("Mr. Li"), aged 60, was appointed as an independent non-executive Director on 27 September 2014. Mr. Li is also the chairman of the Audit Committee, a member of each of the Nomination Committee and the Remuneration Committee. Mr. Li holds a Master Degree in Economics. He has engaged in the fields of auditing theory and practical research and obtained ample research findings in basic audit theory and environmental auditing theory. He is currently a professor and a tutor for master candidates at the Accounting Department of the Management College of Ocean University of China and the director of Audit and Management Consulting Institute of the Management College of Ocean University of China. Mr. Li is also a council member of Accounting Society of China, a member of China Audit Society, a council member of China Institute of Internal Audit and a member of the Chinese Institute of Certified Public Accountants. Mr. Li has been an independent non-executive director of Ruicheng (China) Media Group Limited, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 1640), during the period from October 2019 to September 2024 and an independent director of 青島高測科技股份有限公司 (Qingdao Gaoce Technology Co., Ltd.*), the shares of which are listed on Shanghai Stock Exchange (stock code: 688556), since August 2021. He was also an independent director of 上海巴安水務股份有限公司 (SafBon Water Service (Holding) Inc., Shanghai*), the shares of which are listed on Shenzhen Stock Exchange (stock code: 300262), from May 2022 to December 2022. Mr. Li is currently an independent director of each of 青島海灣化學股份有限公司 (Qingdao Haiwan Chemical Co., Ltd.*) (non-listed company) and 青島瑞斯凱爾生物科技股份有限公司 (Qingdao Raisecare Biotechnology Co., Ltd.*) (non-listed company).

Mr. Wang Yaping, aged 61, was appointed as an independent non-executive Director on 20 December 2024. Mr. Wang is also the chairman of the Remuneration Committee, a member of each of the Audit Committee and the Nomination Committee. Mr. Wang Yaping has over 30 years of experience in law and graduated from 華東政法學院 (East China College of Political Science and Law*) (now known as 華東政法大學 (East China University of Political Science and Law*)) with a bachelor's degree in law and is a first-grade lawyer. Mr. Wang Yaping currently serves as the chairman of partners' meeting of 山東國曜琴島(青島)律師事務所 (Shandong Guoyao Qindao (Qingdao) Law Firm*) a director of 中華全國律師協會 (All China Lawyers Association*), a deputy director of 反壟斷與反不正當競爭專業委員會 (the Anti-Monopoly and Anti-Unfair Competition Commission*) of 中華全國律師協會 (All China Lawyers Association*), the chief supervisor of 青島市律師協會 (Qingdao Lawyers Association*), an arbitrator of 青島仲裁委員會 (Qingdao Arbitration Commission*), an independent supervisor of Qingdao Port International Co., Ltd. (a company listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and the Shanghai Stock Exchange with stock codes 6198 and 601298 respectively), an independent supervisor of TSINGTAO BREWERY COMPANY LIMITED (a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange with stock codes 00168 and 600600 respectively), an independent director of 青島國恩科技股份有限公司 (Qingdao Gon Technology Co., Ltd.*) (a company listed on the Shenzhen Stock Exchange with stock code 2768), and an independent director of 青島三柏碩健康科技股份有限公司 (Qingdao Sportsoul Health & Technology Co., Ltd.*) (a company listed on the Shenzhen Stock Exchange with stock code 1300). Mr Wang was an independent director of 青島國信金融控股有限公司 (Qingdao Conson Financial Holdings Co., Ltd.*) from April 2016 to December 2020, an independent director of 青島百洋醫藥股份有限公司 (Qingdao Baheal Medical INC.*) (a company listed on the Shenzhen Stock Exchange with stock code 301015) from January 2017 to August 2022, an independent director of 青島天能重工股份有限公司 (Qingdao Tianneng Heavy Industry Co., Ltd.*) (a company listed on the Shenzhen Stock Exchange with stock code 300569) from April 2018 to February 2021, and an independent non-executive director of Prosper Construction Holdings Limited (a company listed on the Hong Kong Stock Exchange with stock code 6816) from October 2018 to June 2024.

SENIOR MANAGEMENT

Mr. Chen Bo ("Mr. Chen"), aged 36, joined the Company on 24 March 2025 as the Chief Executive Officer. Mr. Chen has over 10 years of professional experience in investment management, capital market, mergers and acquisitions, and listed companies. Mr. Chen was previously the senior operations manager of Accumulus GBA Technology (Hong Kong) Co., Limited, and was the assistant vice president of the investment banking department of Arta TechFin Corporation Limited (stock code:279, the shares of which are listed on the Main Board of the Stock Exchange), the assistant vice president of Prince Group, the assistant vice president of Jovial Capital Investment Management Limited, a project manager of the investment department of Tianmu Investment Hong Kong Limited and a consultant at PCCW Services Limited (a subsidiary of PCCW Limited, stock code:8, the shares of which are listed on the Main Board of the Stock Exchange). Mr. Chen has been an independent non-executive director of Mao Lian (Hong Kong) International Trade Co., Limited since May 2024. Save as disclosed above, Mr. Chen did not hold any other directorships in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas. Mr. Chen holds a master's degree in Information Engineering from The Chinese University of Hong Kong and a bachelor's degree in Electronic Science and Technology from Xi'an Jiaotong University.

* For identification purpose only

DIRECTORS' REPORT

The Board presents the annual report of the Company and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITY

The Company acts as an investment holding company. The activities of its subsidiaries are set out in note 1 to the consolidated financial statements of this annual report.

RESULTS AND APPROPRIATION

The results of the Group for the Year are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 39 to 40 of this annual report.

The Board does not recommend the payment of any final dividends for the Year (2023: nil).

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") on 30 January 2019. According to the Dividend Policy, the Company considers it appropriate to align the dividend payments with profit and ensure that it is able to pay dividend on a sustainable and affordable basis. The Company may declare dividend in any financial year after taking into consideration the Company's financial position, liquidity and cash flow, capital requirements for future growth, economic conditions and any other factors to be considered by the Directors. The Company will declare dividend out of retained profits under certain circumstances, and therefore there can be no assurance that a dividend will be proposed or declared in any given year. The Company will review the Dividend Policy from time to time as and when considered necessary by the Board.

BUSINESS REVIEW

Business review of the Group for the Year has been stated in "Management Discussion and Analysis" of this annual report.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 7 of this annual report.

SHARE CAPITAL

Details of the share capital of the Company during the Year are set out in note 28 to the consolidated financial statements of this annual report.

RESERVES

Movements in reserves of the Group and the Company during the Year are set out on page 43 and in note 37 to the consolidated financial statements respectively. Total distributable reserves of the Company amounted to approximately RMB115,068,000 (2023: RMB107,357,000) as at 31 December 2024.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 13 to the consolidated financial statements of this annual report.

DIRECTORS' REPORT

INVESTMENT PROPERTIES

The investment properties of the Group were revalued as at 31 December 2024, resulting in a decrease in fair value of approximately RMB3.3 million, compared to a decrease in fair value of RMB29.2 million in 2023.

Details of movements in the investment properties of the Group are set out in note 14 to the consolidated financial statements of this annual report.

PRINCIPAL PROPERTIES

Particulars of the Group's principal properties are set out on page 112 of this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS

The biographical details of the Directors are set out in the section headed "Biographical Details of Directors" on pages 15 to 16 of this annual report.

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Executive Directors:

Mr. Cui Mingshou *(Chairman)*
Mr. Wang Yimei *(Deputy Chairman and Chief Executive Officer)*
(resigned as the Chief Executive Officer on 24 March 2025)
Mr. Hu Liang

Independent non-executive Directors:

Mr. Yin Tek Shing, Paul
Mr. Wong Tin Kit (retired on 26 June 2024)
Ms. Zhao Meiran
Mr. Li Xue
Mr. Wang Yaping (appointed on 20 December 2024)

Pursuant to bye-law 87 of the Bye-laws of the Company, Mr. Wang Yimei and Ms. Zhao Meiran shall retire from office by rotation and, Mr. Wang Yimei being eligible, has offered himself for re-election at the forthcoming annual general meeting. As disclosed in the announcement of the Company dated 24 March 2025, Ms. Zhao Meiran will retire as an independent non-executive Director with effect from the conclusion of the forthcoming annual general meeting of the Company. The Company will appoint another female director in compliance with Rule 13.92 of the Listing Rules.

In accordance with bye-law 86(2) of the Bye-laws of the Company, Mr. Wang Yaping, who was appointed as Director on 20 December 2024, shall hold office until the forthcoming annual general meeting of the Company and, being eligible, has offered himself for re-election at that meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term of three years and each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years.

None of the Directors who is proposed for re-election at the forthcoming annual general meeting of the Company has a service contract or a letter of appointment with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation.

CONNECTED TRANSACTION

Save as disclosed in this annual report, the Company has not entered into any non-exempt connected transactions for the year ended 31 December 2024.

RELATED PARTY TRANSACTIONS AND CONTROLLING SHAREHOLDERS' AND DIRECTORS' INTERESTS IN CONTRACTS

The related party transactions are disclosed in note 33 to the consolidated financial statements and include transactions that constitute connected transactions and continuing connected transactions with which the disclosure requirements under the Listing Rules have been complied.

Save as disclosed above, there was no transaction, arrangement or contract of significance subsisting during or at the end of the Year in which a Director is or was materially interested, whether directly or indirectly and there was no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisting at the end of the Year or at any time during the Year.

No contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder or any of its subsidiaries was entered into during the Year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the Year.

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2024, none of the Directors and the chief executives and their associates of the Company had any interests and short positions in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

SHARE OPTIONS

The Group did not maintain a share option scheme during the Year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the Directors, or their spouses or children under the age of 18 had any rights to subscribe for shares of the Company or had exercised any such rights during the Year.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The Group's emolument policy and emoluments of Directors and senior management of the Group are recommended by the Remuneration Committee of the Company and approved by the Board, having regard to their duties and responsibilities with the Company, the prevailing market conditions, the benchmark of the industry and the performance of the Group. Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 8 to the consolidated financial statements of this annual report.

SUBSTANTIAL SHAREHOLDERS INTERESTS

So far as is known to the Directors and chief executives of the Company, as at 31 December 2024, the following persons (other than a Director or chief executive of the Company or their associates) had the following interests and short positions (if any) in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under section 336 of the SFO.

Interests in the shares of the Company

Long positions

Name	Capacity	Number of shares held (Note)	Approximately percentage of the Company's total number of shares in issue
青島城市建設投資(集團)有限責任公司 (Qingdao City Construction Investment (Group) Limited*) ("QCCIG")	Interest of a controlled corporation	689,243,266	69.02%
China Qingdao Development (Holdings) Group Company Limited ("CQDHG")	Interest of a controlled corporation	689,243,266	69.02%
China Qingdao International (Holdings) Company Limited ("CQIH")	Beneficial owner	689,243,266	69.02%

Note: These 689,243,266 shares of the Company were held by CQIH, which is a wholly-owned subsidiary of CQDHG. CQDHG is wholly owned by QCCIG. By virtue of the SFO, QCCIG and CQDHG are deemed to be interested in the shares of the Company held by CQIH.

* For identification purposes only

Save as disclosed above, the Company has not been notified of any other interests representing 5% or more of the total number of shares in issue of the Company as at 31 December 2024.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales attributable to the Group's major suppliers and customers respectively for the Year are as follows:

Purchases

– the largest supplier	22.8%
– five largest suppliers in aggregate	69.4%

Sales

– the largest customer	19.6%
– five largest customers in aggregate	37.8%

None of the Directors, their associates or any shareholders of the Company (who, to the knowledge of the Directors, owns more than 5% of the Company's total number of shares in issue) has an interest in these major customers and suppliers.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The employees of the Group are one of the most important assets and stakeholders of the Group and their contributions and support are valuable at all times. The Group regularly reviews its compensation and benefits policies, based on the industry benchmark as well as the individual performance of the employees. Other fringe benefits, mandatory provident fund and share options are provided to retain loyal employees with the aim to form a professional staff and management team that can lead the Group to success.

We value our customers as our business partners and endeavour to provide high-quality products and services that are best value for money. With regular professional inspections and testing during the production processes, the Group makes sure its products are safe for use and of excellent quality. The Group also maintains regular communications with its customers regarding the product provision and performance, in order to understand the needs and expectations of its customers and continues to make improvements on the quality of its products. In addition, regular discussions and meetings are held with tenants' team to address operational issues and to build a continuous improvement culture together.

Our suppliers are our business partners and we work with them closely to provide the same level of quality service to our customers. We fully understand that maintaining a reliable and sustainable supply chain is the key to the success of the Group's products. The Group selects suitable suppliers through the supplier assessment process to ensure that the suppliers can meet the required assessment criteria and standards, and deliver quality products and services. Moreover, inspections are carried out to verify the quality and safety standards of the materials and to ensure that they do not cause adverse impacts on the environment.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal financial risks are set out in note 36 to the consolidated financial statements of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group aims to create long-term value for its stakeholders, to provide a safe working environment to its employees, and to generate a positive impact on the society and the environment.

The Group is committed to supporting the environmental sustainability. The Group's commitment to sustainability is built on three pillars: reducing environmental impact, promoting social responsibility, and achieving economic growth. The Group's performance in protecting the environment is well reflected by our continuous efforts in promoting green measures and awareness in our daily business operations.

For further information in relation to the ESG performance of the Group during the Year, please refer to the upcoming independent ESG Report 2024, which will be released in due course and posted on the website of the Stock Exchange and the Company for inspection and download.

EQUITY-LINKED AGREEMENTS

The Company did not enter into any equity-linked agreements during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Year, none of the Directors was considered to have interests in the businesses which were considered to compete or likely to compete, either directly or indirectly, with businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

SUBSEQUENT EVENTS

Save as disclosed above, there is no event after the Year which would have a material impact on the Company's financial position.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, the Directors, secretary and other officers and every auditor of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duties in their respective offices or otherwise in relation thereto.

The Company has taken out insurance against all losses and liabilities associated with defending any proceedings which may be brought against Directors and other officers of the Company.

COMPLIANCE WITH LAWS AND REGULATIONS

During the Year, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares (including treasury shares (as defined under the Listing Rules)) during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws of the Company, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

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

CORPORATE GOVERNANCE

The Company's corporate governance principles and practices are set out in the Corporate Governance Report on pages 24 to 33 of this annual report.

CHANGE IN DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in Director's information are set out below:

Name of Director	Details of changes
Mr. Li Xue	resigned as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee of Ruicheng (China) Media Group Limited with effect from 3 September 2024

Save for the above changes, there is no other information that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best of the knowledge of the Directors, the Company has maintained a public float of its shares as required by the Listing Rules throughout the Year and up to the date of this report.

RETIREMENT BENEFIT SCHEME

The Group operates a mandatory provident fund ("MPF") scheme for its employees. Particulars of the MPF scheme are set out in note 2.4 to the consolidated financial statements of this annual report.

CONFIRMATION OF INDEPENDENCE

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

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises four independent non-executive Directors and reports to the Board. The Group's results for the Year have been reviewed by the Audit Committee with the management of the Company.

AUDITORS

On 19 January 2024, Messrs. Ernst & Young resigned as auditors of the Company and BDO Limited was appointed by the Directors to fill the casual vacancy so arising.

The financial statements for the year ended 31 December 2024 were audited by BDO Limited. A resolution for the re-appointment of BDO Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Cui Mingshou
Chairman and Executive Director

Hong Kong, 24 March 2025

CORPORATE GOVERNANCE REPORT

The Board recognises their mission to create value and maximise returns on behalf of the shareholders of the Company while at the same time fulfilling their corporate responsibilities. Accordingly, the Company strives to promote and uphold a balanced and high standard of corporate governance.

The Company has applied the principles and complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules during the Year except for certain deviations disclosed in this report.

BUSINESS STRATEGIES AND BUSINESS MODEL

In accordance with its strategic plans, the Group has through effective allocation of resources from Mainland China as well as integration of capital and business operations successfully turned itself into an enterprise with core areas of business, including leasing of properties, production and sale of education equipment, loan financing, consulting services, and real estate development. Capitalizing on future development opportunities in China and Hong Kong, the Group strives to become an integrated business enterprise that will constantly create value for its Shareholders. Based on its own resources and the internal and external factors of development, the Company will continue to expand its core and environmental protection business to enhance the growth of its services and products in the future. Committed to the promotion of high-quality corporate development, the Company has maintained a corporate culture in which the leadership team and the employees of the Group have demonstrated mutual commitment. This not only reflects the values, philosophy and visions of the corporation, but also sets the direction for the achievement of the Group's strategic objectives and business strategies.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. The Company has made specific and reasonable enquiries of all Directors and is satisfied that they complied with the Model Code throughout the Year.

BOARD OF DIRECTORS

The Board is responsible to the Shareholders and all Directors are collectively responsible for formulating the strategic business direction of the Group and setting objectives for management, overseeing performance and assessing the effectiveness of management strategies.

Composition of the Board

Currently, the Board comprises seven Directors, including three executive Directors, namely, Mr. Cui Mingshou, Mr. Wang Yimei and Mr. Hu Liang, and four independent non-executive Directors, namely, Mr. Yin Tek Shing, Paul, Ms. Zhao Meiran, Mr. Li Xue and Mr. Wang Yaping. The biographical details of the Directors are set out on pages 15 to 16 of this annual report. The composition of the Board is well balanced with each Director having sound knowledge, experience and/or expertise relevant to the business operations and development of the Group. All Directors are aware of their collective and individual responsibilities to shareholders of the Company and have exercised their duties with care, skill and diligence and, thereby, have contributed to the performance of the Group.

During the Year, the positions of the chairman and the chief executive officer of the Company were held by separate individuals to ensure a balance of power and authority. Mr. Cui Mingshou was the Chairman of the Board and Mr. Wang Yimei was the chief executive officer of the Company during the Year.

The Company complied with Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualification of accounting or related financial management expertise throughout the Year. The Board has received from each independent non-executive Director an annual confirmation of his/her independence and considers that all of them are independent under the guidelines set out in Rules 3.13 of the Listing Rules.

The Company has put in place mechanisms to ensure independent views and input are available to the Board. This is achieved by giving Directors access to external independent professional advice from legal advisers and auditor, as well as the attendance of all independent non-executive Directors at almost all the meetings of the Board and its relevant committees held during the Year.

The Board reviews the implementation and effectiveness of the aforementioned mechanisms on an annual basis. The Board has reviewed the mechanisms and is satisfied with the implementation and effectiveness of such mechanisms.

The Board members have no financial, business, family or other material/relevant relationship with each other.

In compliance with Rule 3.09D of the Listing Rules, Mr. Wang Yaping, who was appointed as an independent non-executive Director on 20 December 2024, obtained the legal advice on 11 December 2024, and Mr. Wang Yaping has confirmed that he understood his obligations as a Director.

Term of Appointment of Non-executive Directors

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years, subject to retirement and re-election by rotation at the annual general meeting in accordance with the Bye-laws of the Company.

Responsibilities of the Board

The Board reviews the performance of the operating divisions against their agreed targets and budgets on a regular basis and also exercises a number of reserved powers, including but not limited to:

- formulating long-term strategies;
- setting objectives for management;
- approving public announcements including the interim and annual financial statements;
- setting dividend and other important policies;
- approving material borrowings and treasury policies; and
- assessing and committing to major acquisitions, disposals, formation of joint ventures and capital transactions.

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, to oversee different areas of the Company's affairs.

The Directors are responsible for the preparation of the financial statements of the Company for each financial year and ensuring that they give a true and fair view of the state of affairs of the Group, the operating results and cash flows for that period. The Directors are also responsible for ensuring that proper accounting records which shall accurately reflect the financial position of the Group are maintained at all times.

All Directors have full access to accurate, relevant and timely information about the Group and are able to obtain independent professional advice on issues whenever deemed necessary.

Continuous Professional Development of Directors

During the Year, the Company provided regular updates on the business performance of the Group to the Directors. The Directors keep abreast of their responsibilities as a Director and the conduct, business activities and development of the Group. Every Director is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant statutory requirements. The Directors are encouraged to participate in continuous professional development courses and seminars to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During the Year, the Directors participated in continuous professional development by way of attending training and/or seminars organized by professional organisations and director training webcasts organized by the Stock Exchange and also reading materials updating new practices, rules and regulations to keep themselves updated on the roles, functions and duties of a listed company director.

A summary of the training received by each Director for the Year is set out in the table below:

Directors	**Training/ Seminars/ Reading materials**
Executive Directors:	
Mr. Cui Mingshou	✓
Mr. Wang Yimei	✓
Mr. Hu Liang	✓
Independent Non-executive Directors:	
Mr. Yin Tek Shing, Paul	✓
Ms. Zhao Meiran	✓
Mr. Li Xue	✓
Mr. Wang Yaping (Note 1)	N/A
Mr. Wong Tin Kit (Note 2)	N/A

Note 1: appointed on 20 December 2024
Note 2: retired on 26 June 2024

Board Meetings

Directors are consulted on matters to be included in the agenda for Board meetings and have accessed to advice and services to ensure that Board meeting procedures and all applicable rules and regulations are followed.

Under code provision C.5.1 of the CG Code, the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the Year, the Board held three regular Board meetings. For these Board meetings held during the Year, at least 14 days' notice had been given to all Directors. The significant matters concerning the business activities and operation of the Group had been either duly reported, discussed and resolved at these Board meetings or otherwise dealt with by the Board by way of written resolutions for expeditious commercial decision making purposes. The Board will use reasonable endeavor to meet the requirement of code provision C.5.1 of the CG Code in the future.

Code provision C.2.7 of the CG Code stipulates that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. During the Year, no formal meeting was arranged between the Chairman of the Board and the independent non-executive Directors without the other Directors' presence due to tight schedules of the Chairman of the Board and the independent non-executive Directors. The independent non-executive Directors may communicate and discuss with the Chairman directly at any time to share their view on the Company's affairs. The Company considers that there are sufficient channels and communication for discussion of the Company's affairs between the Chairman and independent non-executive Directors in the absence of other Directors.

BOARD COMMITTEES

Audit Committee

During the Year, the Audit Committee comprised at least three independent non-executive Directors, namely, Mr. Yin Tek Shing, Paul, Ms. Zhao Meiran, Mr. Li Xue (chairman of the Audit Committee), Mr. Wang Yaping (appointed on 20 December 2024) and Mr. Wong Tin Kit (retired on 26 June 2024). Mr. Li Xue has appropriate professional qualifications and experience as required by the Listing Rules.

The Audit Committee is responsible for reviewing the Group's financial information, overseeing the Group's financial reporting and risk management systems and internal control procedures and the effectiveness of the Group's internal audit function and making recommendations to the Board on the appointment, re-appointment and/or removal of the external auditors, including approving their remuneration and terms of engagement.

The primary duties of the Audit Committee are to review and advise on the accounting principles and practices adopted by the Group, and overview the auditing and financial reporting processes and the risk management and internal control systems of the Group, including reviews of the Group's interim and annual reports.

Code provision D.3.3 of the CG Code stipulates that the Audit Committee must meet, at least twice a year, with the Company's auditor. The Audit Committee met the Company's auditor twice during the Year to discuss the matters arising from the audit of the Company's annual results for the year ended 31 December 2023, the Audit Planning for the consolidated financial statements of the Group for the Year and other matters the auditor may wish to raise.

The Audit Committee held three meetings during the Year.

During the Year, the Audit Committee performed the following duties:

(a) reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023 with the external auditors and the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2024 with recommendations to the Board for approval;

(b) reviewed the reports on risk management and internal control systems of the Group covering financial, corporate governance, internal control and operational functions;

(c) considered the independent auditor's independence and fees in relation to the audited consolidated financial statements of the Group for the year ended 31 December 2023, the unaudited interim consolidated financial statements of the Group for the six months ended 30 June 2024, the audit fees for the Year and non-audit related services; and

(d) reviewed the Audit Planning for the consolidated financial statements of the Group for the Year.

The Audit Committee was satisfied with the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions for the Year.

Remuneration Committee

During the Year, the Remuneration Committee comprised at least three independent non-executive Directors, namely, Mr. Yin Tek Shing, Paul, Ms. Zhao Meiran, Mr. Li Xue, Mr. Wang Yaping (the existing chairman of the Remuneration Committee) (appointed on 20 December 2024) and Mr. Wong Tin Kit (former chairman of the Remuneration Committee) (retired on 26 June 2024).

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Group's policy and structure for all remuneration of the Directors and senior management and make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment.

The Remuneration Committee held two meetings during the Year.

During the Year, the Remuneration Committee reviewed and recommended the remuneration packages of the existing Directors and the new Director.

The emoluments payable to Directors are determined by the Board on the recommendation of the Remuneration Committee with reference to the Directors' duties and responsibilities with the Company, the prevailing market conditions, the benchmark of the industry and the performance of the Group.

Nomination Committee

During the Year, the Nomination Committee comprised one executive Director, namely, Mr. Cui Mingshou (chairman of the Nomination Committee) and at least three independent non-executive Directors, namely, Mr. Yin Tek Shing, Paul, Ms. Zhao Meiran, Mr. Li Xue, Mr. Wang Yaping (appointed on 20 December 2024) and Mr. Wong Tin Kit (retired on 26 June 2024).

The primary duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy and to assess the independence of the independent non-executive Directors.

The Nomination Committee held two meetings during the Year.

During the Year, the Nomination Committee performed the following duties:

(a) reviewed candidate suitably qualified to become member of the Board and Board committee(s) (where required) based on merit and against objective criteria and with due regard for the benefits of diversity on the Board and select or make recommendations to the Board on the individuals nominated for directorship;

(b) assessed the independence of the independent non-executive Directors;

(c) reviewed the structure, size and composition of the Board; and

(d) reviewed and recommended the retiring Directors standing for re-election at the 2024 annual general meeting.

Diversity

On 30 January 2019, the Board adopted the revised Board Diversity Policy. Pursuant to the Board Diversity Policy, in reviewing the Board's diversity, the Board will consider various factors including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. New Directors, being individuals who are suitably qualified and expected to make a positive contribution to the performance of the Board and having regards to the criteria stated in the Board Diversity Policy, are identified and submitted to the Board or the shareholders of the Company for approval either to fill vacancies on the Board or to be appointed as additional Directors. The Board, through the Nomination Committee, has reviewed the implementation and effectiveness of the Board Diversity Policy and confirmed that the Board has an appropriate mix of skills and experience to deliver the Company's strategy.

Currently, there are one female Director (independent non-executive Director) and six male Directors (comprising three executive Directors and three independent non-executive Directors). Female representation on the Board is approximately 14.3%. The Board targets to maintain at least the current level of female representation and will continue to seek opportunities to increase the proportion of female members over time as and when suitable candidates are identified. The Nomination Committee will also continue to monitor and actively consider different aspects of diversity in the boardroom, and recommend further actions or plans to the Board when necessary.

As at 31 December 2024, more than 38% of the Group's workforce was female. The Board considers that the Group's workforce is diverse in terms of gender. The table below summarizes the proportion of women at different position levels across the Group as at 31 December 2024.

		Level	
Gender	**Director**	**Manager**	**Employee**
Male	6	4	58
Female	1	1	40

Note: The above data is calculated based on the total number of employees of the Group as of 31 December 2024.

On 30 January 2019, the Board adopted the Nomination Policy, which sets out the key selection criteria and nomination procedures of the Nomination Committee in making recommendations to the Board on the appointment of Directors or re-appointment of any existing Director(s) and succession planning for Directors.

According to the Nomination Policy, the ultimate responsibility for selection and appointment of Directors rests with the entire Board or the shareholders at general meeting as the case may be. The Board has delegated the relevant screening and evaluation process to the Nomination Committee, which identifies suitably qualified Director candidates and recommends them to the Board. In assessing the suitability of a proposed candidate, the Nomination Committee takes into consideration the candidate's good character, integrity and competence to act as Director, skills, knowledge and experience in the commercial and professional fields which are relevant to the principal business of the Group, his/her commitment to devoting sufficient time and attention to the Board and on merit, against objective criteria and with due regard to the diversity perspectives set out in the Board Diversity Policy. After undertaking adequate due diligence in respect of the appointment of the proposed candidate to the Board, the Nomination Committee nominates the relevant candidates to the Board for approval and appointment. The Board will make recommendations to the shareholders in respect of the proposed re-election of Directors at annual general meetings.

The Nomination Committee shall review the Nomination Policy, as appropriate, to ensure its effectiveness. It shall discuss any revisions to the Nomination Policy that may be required and make recommendations to the Board for approval.

The written terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are available on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.qingdaohi.com).

CORPORATE GOVERNANCE REPORT

Details of the attendance of individual Directors at Board meetings, Board committees meetings, the annual general meeting (the "AGM") held on 26 June 2024 are set out in the table below:

Members of the Board	Number of meetings attended/Eligible to attend Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	AGM
Executive Directors:					
Mr. Cui Mingshou	0/3	N/A	N/A	0/2	1/1*
Mr. Wang Yimei	3/3	N/A	N/A	N/A	1/1*
Mr. Hu Liang	3/3	N/A	N/A	N/A	1/1#
Independent Non-executive Directors:					
Mr. Yin Tek Shing, Paul	2/3	2/3	1/2	1/2	1/1*
Ms. Zhao Meiran	3/3	3/3	2/2	2/2	1/1#
Mr. Li Xue	2/3	3/3	1/2	1/2	1/1#
Mr. Wang Yaping (appointed on 20 December 2024)	N/A	0/1	N/A	N/A	N/A
Mr. Wong Tin Kit (retired on 26 June 2024)	1/1	1/1	1/1	1/1	0/1

* Attended in person
\# Attended by telephone

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance duties as set out below:

(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 and compliance manual (if any) applicable to employees and Directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNITY

To indemnify the Directors and officers of the Company against all costs, charges, losses, expenses and liabilities incurred by them in the execution and discharge of their duties or in relation thereto, the Company has arranged insurance coverage for this purpose.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group. The responsibilities of the Directors are to oversee the preparation of the consolidated financial statements for each financial period which give a true and fair view of the state of affairs of the Group and of its results and cash flows for that period. The Directors have to ensure that the consolidated financial statements of the Group are in accordance with the statutory requirements and applicable accounting standards, adjustments and estimates made are prudent, fair and reasonable and the consolidated financial statements are prepared on a going concern basis. The Directors also acknowledge that the publication of the consolidated financial statements of the Group should be made in a timely manner.

The statement of the independent auditor regarding their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 34 to 38 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises its responsibility to ensure the Company maintains a sound and effective risk management and internal control systems. The Group's internal control system is designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with the relevant accounting standards and regulatory reporting requirements, and key risks that may have an impact on the Group's performance are appropriately identified and managed. The annual review of the Group's internal controls covers major financial, operational and compliance controls, as well as risk management functions. The internal control system can only provide reasonable and not absolute assurance against material misstatement or loss, as it is designed to manage, rather than eliminate the risk of failure to achieve business objectives. The Group's risk management framework includes risk identification, risk assessment, risk treatment and monitoring and reviewing of the effectiveness of the measures. This risk management framework is guided by the three-tier risk management approach. At the first line of defense, business teams are responsible for identifying, assessing and monitoring risks associated with each business or deal. The management, as the second line of defense, defines rule sets and models, provides technical support, develops new systems and oversees portfolio management. It ensures that risks are within the acceptable range and that the first line of defense is effective. As the final line of defense, the Audit Committee, with the professional advice and opinions from the external professional consultant who conducted internal audit work of the Group on annual basis, ensures that the first and second lines of defense are effective through constant inspection and monitoring.

The Board engaged an external professional consultant to review the risk management and internal control systems for the Year. The review covered all material controls, including financial, operational and procedural compliance controls as well as the process for identification, evaluation and management of the significant risks (including ESG risks) faced by the Group. The Audit Committee and the Board have discussed and reviewed the results of the review. The Board considers the review effective and adequate. Where appropriate, the external professional consultant's recommendations have been adopted and enhancements to the risk management and internal controls have been implemented.

The Group has established procedures for handling and dissemination of inside information in an accurate and secure manner, aiming to avoid possible mishandling of inside information within the Group.

ESG COMPLIANCE AND GOVERNANCE

The Group recognises the importance of climate change avoidance and has developed internal strategies aimed at creating sustainable value for its stakeholders and minimizing its negative impact on the environment. To carry out the Group's sustainability strategy from top to bottom, the Board holds ultimate responsibility for ensuring the effectiveness of the Group's ESG strategies, including those relating to climate change.

Dedicated teams have been established within each business division to manage ESG issues and monitor progress toward corporate goals for addressing climate change. These teams are responsible for enforcing and overseeing the implementation of relevant ESG policies throughout the Group and have designated staff members to carry out these tasks.

The Group's management and responsible teams regularly review and adjust their sustainability policies to meet the evolving needs of stakeholders, including those related to climate change. Detailed ESG risk and information on the Group's management approaches for environmental and social aspects including climate change avoidance can be found in various sections of the ESG Report 2024 published on our website (www.qingdaohi.com). The Board is satisfied with the adequacy of the Group's resources, staff qualifications and experience, training programs and budget allocated to ESG performance and reporting.

EXTERNAL AUDITOR

During the Year, the fees paid/payable to the auditor and its affiliated firms in respect of audit and non-audit services provided by the auditor and its affiliated firms were as follows:

Nature of services	**Amount**
	RMB$'000
Audit service	830
Non-assurance services	286

The re-appointment of BDO Limited as the auditor of the Company has been recommended by the Audit Committee and endorsed by the Board and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company.

COMPANY SECRETARY

Mr. Chan Kwong Leung, Eric ("Mr. Chan") is the company secretary of the Company. He is a director of a corporate service provider. Mr. Wang Yimei, an executive Director, was the primary corporate contact person of the Company during the Year.

In accordance with Rule 3.29 of the Listing Rules, Mr. Chan confirmed that he took no less than 15 hours of the relevant professional training during the Year.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board communicates with its Shareholders and investors through various channels. The Board members meet and communicate with Shareholders and investors at AGMs and other general meetings where shareholders can obtain a better understanding of the business and operating performance of the Group. Corporate communications (such as interim and annual reports, notices, circulars and announcements) are available on the websites of the Company and the Stock Exchange.

The Company has adopted the Shareholders Communication Policy, which is available on the Company's website and sets out the Group's objective of ensuring timely, transparent and accurate communications between the Shareholders and the Company. The Board reviewed the Shareholders Communication Policy and the Shareholders and investor engagement and communication activities conducted in 2024 and was satisfied with the implementation and effectiveness of the Shareholders Communication Policy.

SHAREHOLDERS' RIGHTS

Procedures for convening a special general meeting by shareholders

To request to convene a special general meeting, Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda. For details, please refer to the Bye-laws of the Company.

Procedures for putting forward proposals at general meetings

The following Shareholders can submit a written requisition to move a resolution at a general meeting of the Company:

(i) any number of Shareholders representing not less than one-twentieth (5%) of the total voting rights of all Shareholders having at the date of the requisition a right to vote at the general meeting; or

(ii) not less than one hundred (100) Shareholders.

The requisition specifying the proposal, duly signed by the Shareholders concerned, together with a statement of not more than 1,000 words with respect to the matter referred to in the proposal must be deposited at the Company's principal place of business in Hong Kong at Unit No. 8, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong. The Company would take appropriate actions and make necessary arrangements, and the Shareholders concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act 1981 of Bermuda once valid documents are received.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the following channel:

The Board of Directors
Qingdao Holdings International Limited
Unit No. 8, 26th Floor
Tower 1, Admiralty Centre
No. 18 Harcourt Road, Hong Kong
Email: info@qingdaohi.com

Shareholders may also direct enquiries to the Board at the general meetings of the Company.

CHANGES IN CONSTITUTIONAL DOCUMENTS OF THE COMPANY

There was no change in constitutional documents of the Company during the Year.

INDEPENDENT AUDITOR'S REPORT

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

TO THE SHAREHOLDERS OF QINGDAO HOLDINGS INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Qingdao Holdings International Limited (the "Company") and its subsidiaries (the "Group") set out on pages 39 to 111, 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 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 a summary of 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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 judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
As at 31 December 2024, the Group's investment properties amounted to RMB432,976,000 and represented 60% of the Group's total assets. As disclosed in note 2.4 and note 3 to the consolidated financial statements, the Group's investment properties were stated at fair values based on valuations carried out by an independent and professionally qualified valuer (the "Valuer") engaged by management. The valuations of the investment properties were dependent on certain significant unobservable inputs, including the term yield, reversionary yield, reversionary monthly rents and adjusted market price. Management's assessment on the fair value of investment properties was significant to the audit because this process required significant judgements and estimates. We identified the valuation of investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, along with the judgements involved in determining the inputs used in the valuation. Related disclosures are included in note 2.4, note 3 and note 14 to the consolidated financial statements.	Our procedures in relation to valuation of the investment properties included: • Evaluating the competence, capabilities and objectivity of the Valuer engaged by management; • Evaluating the reasonableness of significant assumptions and key inputs in the valuation by involving our internal valuation specialists to assist us in checking the source data and methodology used in the valuation; • Checking the calculation of fair values of investment properties on a sample basis and fair value change recognized in consolidated statement of profit or loss; and • Assessing the adequacy of the disclosures of the valuations of investment properties in the consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and related non-current non-financial assets	
As at 31 December 2024, the carrying value of goodwill and related non-current non-financial assets that have been allocated to the "production and sale of education equipment segment" were RMB1,970,000 and RMB33,126,000, respectively. Determining whether goodwill and related non-current non-financial assets are impaired required management's estimation of the recoverable amount of the cash-generating unit ("CGU") to which the goodwill and related non-current non-financial assets have been allocated. Management has engaged the Valuer to assist in carrying out the impairment testing. In estimating the value in use of the CGU, key assumptions used included the discount rate, growth rate, forecasted sales and gross margins of the CGU etc. These were all subject to the estimates and judgements of management. Management of the Group determined that no impairment loss recognized for the goodwill and related non-current non-financial assets as at 31 December 2024. We identified the impairment assessment of goodwill and related non-current non-financial assets as a key audit matter due to significant judgements involved in management's assessment process. Related disclosures are included in note 2.4, note 3 and note 16 to the consolidated financial statements.	Our procedures in relation to the impairment assessment of goodwill and related non-current non-financial assets included: • Involving our internal valuation specialists to assist us in evaluating the reasonableness of discount rate applied in determining the recoverable amount of the CGU to which the goodwill and related non-current non-financial assets have been allocated in the impairment testing; • Evaluating the reasonableness of underlying assumptions by analysing growth rates, forecasted sales and gross margins used by the Group in determining the recoverable amount of the CGU to which the goodwill and related non-current non-financial assets have been allocated in the impairment testing; • Checking the calculation of the recoverable amount of the CGU to which the goodwill and related non-current non-financial assets have been allocated; • Assessing the adequacy of the disclosures of the impairment assessment of goodwill and related non-current non-financial assets in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included 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 THE DIRECTORS 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement 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.

- 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- 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 work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 the Audit Committee 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 the Audit Committee, 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.

BDO Limited
Certified Public Accountants
Ip Ka Ming
Practising Certificate Number P08322

Hong Kong
24 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000 (Re-presented)
Continuing operations			
Revenue			
– Goods		**33,029**	33,466
– Rental		**11,305**	8,839
Total revenue	5	**44,334**	42,305
Cost of inventories sold	6	**(18,791)**	(23,431)
Decrease in fair value of investment properties	14	**(3,288)**	(29,202)
Other income	5	**5,298**	4,646
Other gains and losses	5	**70**	659
Impairment of financial assets at amortised cost, net	6	**(1,000)**	(1,150)
Employee benefit expenses	6	**(14,195)**	(14,280)
Other operating expenses		**(18,145)**	(17,767)
Finance costs	7	**(22,354)**	(27,885)
Share of (losses)/profit of joint ventures	18	**(5,218)**	5,694
Loss before tax	6	**(33,289)**	(60,411)
Income tax (expense)/credit	9	**(3,876)**	12,763
Loss for the year from continuing operations		**(37,165)**	(47,648)
Discontinued operation			
Profit for the year from discontinued operation	11	**19,549**	12
Loss for the year		**(17,616)**	(47,636)
(Loss)/profit attributable to:			
Owners of the parent			
– from continuing operations		**(34,847)**	(47,335)
– from discontinued operation		**19,535**	11
		(15,312)	(47,324)
Non-controlling interests			
– from continuing operations		**(2,318)**	(313)
– from discontinued operation		**14**	1
		(2,304)	(312)
Loss for the year		**(17,616)**	(47,636)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000 (Re-presented)
Loss of the year		**(17,616)**	(47,636)
Other comprehensive income			
Exchange differences:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**3,428**	2,551
Other comprehensive income for the year, net of tax		**3,428**	2,551
Total comprehensive loss for the year		**(14,188)**	(45,085)
Total comprehensive loss for the year attributable to:			
Owners of the parent		**(11,884)**	(44,773)
Non-controlling interests		**(2,304)**	(312)
		(14,188)	(45,085)

	Note	2024	2023 (Re-presented)
Loss per share attributable to ordinary equity holders of the parent:	12		
– Basic (RMB cents)			
– from continuing operations		**(3.49)**	(4.74)
– from discontinued operation		**1.96**	–
		(1.53)	(4.74)
– Diluted (RMB cents)			
– from continuing operations		**(3.49)**	(4.74)
– from discontinued operation		**1.96**	–
		(1.53)	(4.74)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	**2024** **RMB'000**	2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**40,489**	42,489
Investment properties	14	**432,976**	433,633
Right-of-use assets	15	**1,518**	1,532
Goodwill	16	**1,970**	1,970
Other intangible assets	17	**7,823**	10,199
Investments in joint ventures	18	**4,394**	9,612
Deferred tax assets	26	**11,466**	15,349
Total non-current assets		**500,636**	514,784
CURRENT ASSETS			
Inventories	20	**10,284**	386,798
Trade and other receivables	21	**31,800**	27,011
Amounts due from joint ventures	33	**5,786**	160,080
Financial assets at fair value through profit or loss	19	**–**	2,058
Cash and cash equivalents	22	**178,397**	156,267
Total current assets		**226,267**	732,214
CURRENT LIABILITIES			
Trade and other payables	23	**14,184**	370,932
Contract liabilities	24	**226**	1,736
Interest-bearing bank and other borrowings	25	**2,160**	38,435
Amount due to the ultimate holding company	33	**344,000**	459,100
Amount due to a joint venture	33	**20,000**	15,000
Income tax payable		**33**	95
Total current liabilities		**380,603**	885,298
NET CURRENT LIABILITIES		**(154,336)**	(153,084)
TOTAL ASSETS LESS CURRENT LIABILITIES		**346,300**	361,700

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT LIABILITIES			
Rental deposits from tenants		**419**	453
Interest-bearing bank and other borrowings	25	**5,477**	6,682
Deferred tax liabilities	26	**1,282**	1,255
Total non-current liabilities		**7,178**	8,390
NET ASSETS		**339,122**	353,310
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	**81,257**	81,257
Other reserves		**202,282**	212,215
		283,539	293,472
Non-controlling interests		**55,583**	59,838
TOTAL EQUITY		**339,122**	353,310

On behalf of the directors

Cui Ming Shou
Director

Hu Liang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the parent						
	Share capital RMB'000 (note 28)	Surplus account* RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023	81,257	382,880	6,365	(132,257)	338,245	60,150	398,395
Loss for the year	–	–	–	(47,324)	(47,324)	(312)	(47,636)
Other comprehensive income for the year:							
Exchange differences arising on translation of foreign operations	–	–	2,551	–	2,551	–	2,551
Total comprehensive loss for the year	–	–	2,511	(47,324)	(44,773)	(312)	(45,085)
At 31 December 2023	81,257	382,880	8,916	(179,581)	293,472	59,838	353,310
At 1 January 2024	81,257	382,880	8,916	(179,581)	293,472	59,838	353,310
Loss for the year	–	–	–	(15,312)	(15,312)	(2,304)	(17,616)
Other comprehensive income for the year:							
Exchange differences arising on translation of foreign operations	–	–	3,428	–	3,428	–	3,428
Total comprehensive loss for the year	–	–	3,428	(15,312)	(11,884)	(2,304)	(14,188)
Disposal of a subsidiary (note 27)	–	–	–	1,951	1,951	(1,951)	–
At 31 December 2024	81,257	382,880	12,344	(192,942)	283,539	55,583	339,122

* The surplus account represented the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and other reserve of a subsidiary which was acquired by the Company pursuant to a previous group reorganization in 1997.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000 (Re-presented)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation from continuing operations		**(33,289)**	(60,411)
Loss before taxation from discontinued operation		**19,644**	17
Loss before tax		**(13,645)**	(60,394)
Adjustments for:			
Amortization of intangible assets	6	**2,376**	2,379
Impairment losses on financial assets at amortized cost, net	6	**1,000**	1,150
Written down of inventories	6	**–**	1,023
Gain on disposal of loan from a joint venture		**(88)**	–
Loss from financial assets at fair value through profit or loss	5	**21**	109
Depreciation of right of use assets		**1,133**	1,004
Depreciation of property, plant and equipment	6	**2,335**	2,299
Loss on disposal of items of property, plant and equipment	6	**–**	1
Gain on disposal of a subsidiary		**(19,266)**	–
Unrealised exchange gain		**(3,382)**	(1,012)
Share of losses/(profits) of joint ventures	18	**5,218**	(5,694)
Decrease in fair value of investment properties	14	**3,288**	29,202
Finance costs	7	**22,354**	27,885
Interest income	5	**(4,123)**	(3,479)
Investment income		**(183)**	(335)
Operating cash flows before movements in working capital		**(2,962)**	(5,862)
Decrease in inventories from continuing operations		**3,030**	4,451
Increase in inventories from discontinued operation		**(105,936)**	(163,352)
Increase in trade and other receivables		**(11,093)**	(15,809)
Increase in trade and other payables		**4,385**	183,225
(Decrease)/increase in contract liabilities		**(1,510)**	465
Increase in rental deposits from tenants		**–**	8
Cash (used in)/generated from operations		**(114,086)**	3,126
Interest received from bank		**4,123**	3,479
Income tax paid		**–**	(45)
NET CASH FLOWS (USED IN) GENERATED FROM OPERATING ACTIVITIES		**(109,963)**	6,560

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000 (Re-presented)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income received		**183**	335
Proceed from transfer of loan receivable from a joint venture		**155,000**	–
Advance to a joint venture		**–**	(5,000)
Purchase of items of property, plant and equipment		**(21)**	(648)
Disposal of a subsidiary	27	**(217,520)**	–
Proceed from disposal of financial assets at fair value through profit and loss		**2,072**	–
Proceed from disposal of property, plant and equipment		**2**	–
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(60,284)**	(5,313)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payment		**(1,119)**	(1,109)
Interest portion of lease payment		**(91)**	(36)
Repayment of an amount due to the ultimate holding company		**(115,100)**	–
Advance from a joint venture		**5,000**	15,000
Repayment of advance from a non-controlling interest shareholder of a subsidiary		**(40,000)**	–
Advance from a non-controlling interest shareholder of a subsidiary		**400,000**	–
Repayment of bank borrowings		**(37,478)**	(5,569)
Interest paid		**(22,263)**	(27,849)
NET CASH FLOWS GENERATED/(USED IN) FINANCING ACTIVITIES		**188,949**	(19,563)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**18,702**	(18,316)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**156,267**	173,011
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**3,428**	1,572
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	22	**178,397**	156,267

1. CORPORATE AND GROUP INFORMATION

Qingdao Holding International Limited (the "Company") is a public limited liability company incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is located at Unit 8, 26th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.

The Company's immediate holding company is China Qingdao International (Holdings) Company Limited, an indirect wholly-owned subsidiary of 青島城市建設投資（集團）有限責任公司 (Qingdao City Construction Investment (Group) Limited*) (the "Ultimate Holding Company"), which is a state-owned enterprise controlled by Qingdao Municipal Government of the People's Republic of China.

The Company and its subsidiaries (collectively referred to as the "Group") are involved in the following principal activities:

(a) Leasing of properties: this segment mainly leases residential, industrial and commercial premises to generate rental income;

(b) Production and sale of education equipment: this segment is engaged in the research and development, production and sale of digital Chinese calligraphy education equipment together with relevant learning and tutorial sessions;

(c) Loan financing: this segment provides loan financing services to individuals or corporate customers. The Group possesses a money lender licence and its money lending business is mainly carried out in Hong Kong;

(d) Consulting service: this segment provides construction project supervision, project cost consulting and bidding consulting services in Mainland China; and

(e) Real estate development: this segment provides real estate development services in Mainland China which was discontinued during the year as disclosed in note 11.

* *The English name is for identification purpose only.*

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company				Principal activities
			2024		2023		
			Direct	Indirect	Direct	Indirect	
Capital Scope Limited	British Virgin Islands	US$1	100%	–	100%	–	Investment holding
Capital Up Holdings Limited	British Virgin Islands	US$1	100%	–	100%	–	Investment holding
Classic Charter Limited	Hong Kong	HK$50	–	100%	–	100%	Loan financing
Electronics Tomorrow Property Holdings Limited	British Virgin Islands	US$100	–	100%	–	100%	Investment holding
Hong Kong Hanhe Education Company Limited	Hong Kong	HK$1	–	100%	–	100%	Investment holding
Issegon Company Limited	Hong Kong	HK$300,000	–	100%	–	100%	Property investment and leasing of properties
Million Good Group Limited	British Virgin Islands	US$100	–	100%	–	100%	Investment holding
Keen Capital Investments Limited	Hong Kong	US$1	–	–	100%	–	Inactive
Leading Sound Limited	British Virgin Islands	US$1	100%	–	100%	–	Investment holding
Prime Concept Development Limited	Hong Kong	HK$1	100%	–	100%	–	Investment holding
Qingdao Holdings (Hong Kong) Limited	Hong Kong	HK$1	100%	–	100%	–	Investment holding
Royal Asset Investments Limited	Hong Kong	HK$1	–	100%	–	100%	Property investment and leasing of properties
青島啟峰科技服務有限公司	PRC/Mainland China	HK$30,000,000	–	100%	–	100%	Property investment and leasing of properties
山東啟華教育科技有限公司	PRC/Mainland China	RMB72,900,000	–	51%	–	51%	Production and sale of education equipment
核建青控開發建設有限公司	PRC/Mainland China	RMB100,000,000	–	51%	–	51%	Project construction
核建青控（山東）投資控股有限公司	PRC/Mainland China	RMB10,000,000	–	100%	–	100%	Real estate development business
蚌埠市淮翼建設發展有限公司	PRC/Mainland China	RMB10,000,000	–	–	–	95%	Real estate development business
Qingdao Finance International Group Limited	Hong Kong	HK$1	100%	–	100%	–	Investment holding
Qingdao Securities International Limited	Hong Kong	HK$1	–	100%	–	100%	Investment holding

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared on a going concern basis notwithstanding the Group incurred a loss of RMB17,616,000 for the year ended 31 December 2024 and had net current liabilities of RMB154,336,000 as at 31 December 2024.

In the opinion of the directors of the Company, the Group should be able to maintain itself as a going concern in the next twelve months from 31 December 2024 by taking into consideration the following:

– The Group had total cash and cash equivalents of RMB178,397,000 as at 31 December 2024, the directors of the Company anticipate that the Group's cash and cash equivalents in the next twelve months from 31 December 2024 would not materially different with the balances as at 31 December 2024 base on operations of the Group's business; and

– The Company has obtained continuous financial support and funding from the Ultimate Holding Company for the next twelve months from date of this report.

Based on the above, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations when they fall due for the next twelve months from 31 December 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 *Financial Instruments: Presentation*.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Impacts on application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to HKAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]

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 by HKICPA

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

2.4 MATERIAL ACCOUNTING POLICIES

Investments in joint ventures

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

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. As the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset, or in the absence of a principal market, in the most advantageous market for the asset. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, investment properties and non-current assets/a disposal classified as group held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than freehold land and construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	5%
Leasehold improvements	10%
Plant and machinery	10%
Furniture, fixtures and equipment	19% to 32%
Motor vehicles	24%

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss in the year of the retirement or disposal.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives of 10 years.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leased properties	3-4 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) *Lease liabilities*

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of other equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. 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.

Rental income is accounted for on a straight-line basis over the lease terms and is included in "revenue" in the consolidated statement of profit or loss due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortized cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are one year past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortized cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost, loans and borrowings, payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loan from and amount due to the ultimate/an intermediate holding company and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortized cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Inventories

Inventories includes raw materials, finished goods and properties under development. The carrying value of properties under development comprises the costs of land use rights together with development expenditure. Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less any estimated costs to be incurred to completion and disposal.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the consolidated statement of profit or loss, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised in the measurement to fair value less costs of disposal, or on the disposal, of the assets or disposal groups constituting the discontinued operation.

Revenue recognition

Sale of goods

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on delivery and acceptance of goods.

Provision of service

Construction consulting income is recognized at a point in time after winning the bid in accordance with the contract.

Revenue from other sources

Rental income is recognized on a time proportion basis over the lease terms.

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognized when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract.

Employee benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in central pension schemes operated by the local municipal governments. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension schemes.

The Group also operates a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme"). All qualifying employees in Hong Kong are required to join the MPF Scheme. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. Both employees' and the Group's contributions are calculated at 5% of the employee's monthly relevant income with the mandatory cap of monthly relevant income of HK$30,000.

The Group's contribution to the above retirement benefits schemes are charged to profit or loss as they become payable under the applicable laws and regulations.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the consolidated financial statements:

Estimated useful lives of intangible assets

The Group's management determines the estimated useful lives of intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of a similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to market conditions. Actual economic lives may differ from estimated useful lives. If the actual useful lives of intangible assets are less than the original estimated useful lives due to changes in commercial and technological environment, such difference will impact the amortization charges for the remaining periods.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 26 to the financial statements.

Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the operating results and cashflows generating from the Group's operations and continued financial support provided from the Ultimate Holding Company in the next twelve months as detailed in note 2.1 to these consolidated financial statements. However, because not all future events or conditions can be predicted precisely, this assumption is not a guarantee as to the Group's ability to continue as a going concern.

Estimation uncertainty

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

Fair values of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2024 at a fair value of RMB432,976,000 (31 December 2023: RMB433,633,000). The fair value was based on valuations on these properties conducted by a firm of independent professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss. Details of the fair value measurements are set out in note 14.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of goodwill and related non-current non-financial assets

Determining whether goodwill and related non-current non-financial assets are impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill and non-current non-financial assets have 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 management to estimate the present value of future cash flows expected to arise from the cash-generating unit containing goodwill and non-current non-financial assets using a suitable discount rate, growth rates, forecasted sales and gross margins. Where the actual future cash flows are less than expected, or changes in facts and circumstances result in a downward revision of future cash flows, a material impairment loss may arise. As at 31 December 2024, the carrying amounts of goodwill and related non-current non-financial assets were RMB1,970,000 and RMB33,126,000 (31 December 2023: RMB1,970,000 and RMB36,225,000), respectively. Details of the impairment review are disclosed in note 16.

Provision for expected credit losses on trade receivables

Except for debtors become credit-impaired or significant increase in credit risk which assess expected credit losses on individual basis, the Group uses a provision matrix to calculate ECLs for the trade receivables on a collective basis. The provision rates and matrix are based on the Group's historical default rates from debtors with similar loss patterns taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision for ECLs is sensitive to changes in estimates. The information about the ECLs assessment of the Group's trade receivables is disclosed in note 21.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and have four reportable segments as follows:

Leasing of properties: this segment mainly leases residential, industrial and commercial premises to generate rental income;

Production and sale of education equipment: this segment is engaged in the research and development, production and sale of digital Chinese calligraphy education equipment together with relevant learning and tutorial sessions;

Loan financing: this segment provides loan financing services to individuals or corporate customers. The Group possesses a money lender licence and its money lending business is mainly carried out in Hong Kong; and

Consulting service: this segment provides construction project supervision, project cost consulting services and bidding consulting in Mainland China;

During the year ended 31 December 2024, the Group disposed of its equity interest in "Real estate development" segment which was presented as "discontinued operation". The segment information of the Group's business units does not include the discontinued operation. Prior year segment disclosures have been re-presented to conform with the current year's presentation.

4. OPERATING SEGMENT INFORMATION (continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that fair value changes of investment properties, certain other income, certain other gains and losses, certain employee benefit expenses, finance costs, as well as certain other operating expenses are excluded from such measurement.

Segment assets exclude deferred tax assets and cash and cash equivalents, financial assets at fair value through profit or loss, other financial assets, tax recoverable, certain property, plant and equipment, certain other receivables of the corporate offices.

Segment liabilities exclude certain other payables and accrued charges of the corporate offices as these liabilities are managed on a group basis.

Segment revenue and results

For the year ended 31 December 2024

	Segment revenue RMB'000	Segment results RMB'000
Continuing operations:		
Leasing of properties	11,305	2,603
Production and sale of education equipment	33,029	(928)
Consulting service	–	(3,921)
Loan financing	–	(75)
Segment total	44,334	(2,321)
Unallocated income		5,297
Unallocated expenses		(36,265)
Loss before tax		(33,289)

4. OPERATING SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31 December 2023

	Segment revenue RMB'000	Segment results RMB'000 (Re-presented)
Continuing operations:		
Leasing of properties	8,839	(25,470)
Production and sale of education equipment	33,466	(4,849)
Consulting service	–	2,144
Loan financing	–	(24)
Segment total	42,305	(28,199)
Unallocated income		4,376
Unallocated expenses		(36,588)
Loss before tax		(60,411)

Segment assets and liabilities

	Segment assets		Segment liabilities	
	2024 RMB'000	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Leasing of properties	**452,837**	602,059	**347,416**	482,378
Production and sale of education equipment	**59,922**	63,301	**11,162**	12,595
Consulting service	**30,205**	32,920	**26,503**	24,693
Loan financing	**–**	–	**–**	–
Real estate development	**–**	376,885	**–**	338,443
Segment total	**542,964**	1,075,165	**385,081**	858,109
Unallocated:				
Cash and cash equivalents	**178,397**	156,267	**–**	–
Others	**5,542**	15,566	**2,700**	35,579
Total	**726,903**	1,246,998	**387,781**	893,688

4. OPERATING SEGMENT INFORMATION (continued)

Other segment information

Year ended 31 December 2024

	Leasing of properties RMB'000	Production and sale of education equipment RMB'000	Consulting service RMB'000	Loan financing RMB'000	Others RMB'000	Total RMB'000
Continuing operations:						
Share of losses of Joint ventures	–	–	(5,218)	–	–	(5,218)
Impairment losses of financial assets at amortized cost recognised in the statement of profit or loss, net	–	1,000	–	–	–	1,000
Decrease in fair value of investment properties	(3,288)	–	–	–	–	(3,288)
Depreciation and amortization	1,882	3,149	576	–	237	5,844
Investments in joint ventures	–	–	4,394	–	–	4,394
Capital expenditure*	1,126	14	–	–	–	1,140

Year ended 31 December 2023

	Leasing of properties RMB'000	Production and sale of education equipment RMB'000	Consulting service RMB'000	Loan financing RMB'000	Others RMB'000	Total RMB'000
Continuing operations:						
Share of profit of Joint ventures	–	–	5,694	–	–	5,694
Impairment losses of financial assets at amortized cost recognised in the statement of profit or loss, net	–	1,150	–	–	–	1,150
Decrease in fair value of investment properties	(29,202)	–	–	–	–	(29,202)
Depreciation and amortization	1,515	3,119	825	–	223	5,682
Investments in joint ventures	–	–	9,612	–	–	9,612
Capital expenditure*	1,724	648	–	–	–	2,372

* Capital expenditure consists of addition to property, plant and equipment and right-of-use assets.

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2024 **RMB'000**	2023 RMB'000
Continuing operations:		
Mainland China	**41,600**	39,593
Hong Kong	**2,734**	2,712
	44,334	42,305

(b) Non-current assets

	2024 **RMB'000**	2023 RMB'000
Mainland China	**354,082**	344,581
Hong Kong	**135,088**	154,854
	489,170	499,435

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customer

Revenue of RMB8,570,000 from a customer relating to rental income of the Group's investment properties which contributed over 10% of total revenue for the year ended 31 December 2024 (2023: no individual customer contributed over 10% of total revenue for the year).

5. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES

An analysis of revenue is as follows:

	2024 **RMB'000**	2023 RMB'000
Continuing operations:		
Revenue from contracts with customers		
Sale of education equipment	**33,029**	33,466
Revenue from other sources		
Gross rental income from investment property operating leases with fixed payments	**11,305**	8,839
	44,334	42,305

5. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES (continued)

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	2023
	RMB'000	RMB'000
Segments		
Sale of education equipment	**33,029**	33,466
Geographical markets		
Mainland China	**33,029**	33,466
Timing of revenue recognition		
Goods transferred at a point in time	**33,029**	33,466

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024	2023
	RMB'000	RMB'000
Sale of education equipment	**1,736**	1,271

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of education equipment

The performance obligation of the sale of education equipment is satisfied upon delivery of goods and payment in advance is generally required.

An analysis of other income is as follows:

	2024	2023
	RMB'000	RMB'000
		(re-presented)
Other income:		
Bank interest income	**4,123**	3,459
Investment income from financial assets at fair value through profit or loss	**81**	162
Government grant (Note)	**422**	557
Others	**672**	468
	5,298	4,646

5. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

Sale of education equipment (continued)

Note:

The amount of the government grant represents the incentive subsidies received from the local district authorities in Mainland China for business activities carried out by the Group in the district. There are no unfulfilled conditions related to the grants.

An analysis of other gains and losses is as follows:

	2024	2023
	RMB'000	RMB'000
Other gains and losses:		
Net foreign exchange gain	**3**	768
Gain on disposal of loan receivable from a joint venture	**88**	–
Loss from financial assets at fair value through profit or loss	**(21)**	(109)
	70	659

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2024 RMB'000	2023 RMB'000 (Re-presented)
Continuing operations:			
Auditor's remuneration		**830**	860
Depreciation of property, plant and equipment	13	**2,335**	2,299
Depreciation of right-of-use assets	15	**1,133**	1,004
Amortization of intangible assets	17	**2,376**	2,379
Impairment losses on financial assets at amortized cost, net	21, 36	**1,000**	1,150
Investment income from financial assets at fair value through profit or loss	5	**(81)**	(162)
Loss on disposal of items of property, plant and equipment		**–**	1
Government grant	5	**(422)**	(557)
Net foreign exchange gain	5	**(3)**	(768)
Loss from financial assets at fair value through profit or loss	5	**21**	109
Expense relating to short-term leases	15	**–**	100
Cost of inventories sold (including write down of inventories amounting to Nil (2023: RMB1,023,000))		**18,791**	23,431
Directors' fees (note 8(a))	8	**377**	400
Other staff costs:			
– Salaries and other benefits		**12,197**	12,948
– Retirement benefit scheme contributions		**1,621**	932
Total staff costs		**14,195**	14,280
Gross rental income		**(11,305)**	(8,839)
Less: Direct operating expenses that generate rental income during the year		**742**	1,161
		(10,563)	(7,678)

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Continuing operations:		
Interest on loan from the ultimate holding company	**20,269**	24,964
Interest on bank loan	**1,994**	2,885
Interest on lease liabilities	**91**	36
	22,354	27,885

8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND HIGHEST PAID INDIVIDUALS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

(a) Directors' and chief executive's emoluments

Details of the emoluments paid or payable to the directors of the Company including the chief executive during the year were as follows:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Pension scheme contribution RMB'000	Total remuneration RMB'000
2024						
Executive Directors:						
Mr. Cui Mingshou (notes i)	–	–	–	–	–	–
Mr. Wang Yimei (notes i, ii)	–	–	–	–	–	–
Mr. Hu Liang (note i)	–	–	–	–	–	–
Independent non-executive Directors:						
Mr. Yin Tek Shing, Paul	109	–	–	–	–	109
Mr. Wong Tin Kit (note v)	46	–	–	–	–	46
Ms. Zhao Meiran	109	–	–	–	–	109
Mr. Li Xue	109	–	–	–	–	109
Mr. Wang Yaping (note vi)	4	–	–	–	–	4
	377	–	–	–	–	377

8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND HIGHEST PAID INDIVIDUALS (continued)

(a) Directors' and chief executive's emoluments (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Pension scheme contribution RMB'000	Total remuneration RMB'000
2023						
Executive Directors:						
Mr. Cui Mingshou (notes i, iii)	–	–	–	–	–	–
Mr. Wang Yimei (notes i, ii, iii)	–	–	–	–	–	–
Mr. Hu Liang (note i)	–	–	–	–	–	–
Mr. Gao Yuzhen (notes i, iv)	–	–	–	–	–	–
Mr. Yuan Zhi (notes i, iv)	–	–	–	–	–	–
Independent non-executive Directors:						
Mr. Yin Tek Shing, Paul	100	–	–	–	–	100
Mr. Wong Tin Kit	100	–	–	–	–	100
Ms. Zhao Meiran	100	–	–	–	–	100
Mr. Li Xue	100	–	–	–	–	100
	400	–	–	–	–	400

Notes:

(i) The executive directors are also the directors or employees of the ultimate holding company and they received their emoluments from the ultimate holding company for their services in connection with the management of the affairs of the Company and the Group. There is no reasonable basis to allocate any amount to the Group.

(ii) Mr. Wang Yimei was also the chief executive officer of the Company and he resigned the role of chief executive officer on 24 March 2025.

(iii) The executive directors were appointed on 6 January 2023.

(iv) The executive directors were resigned on 6 January 2023.

(v) The independent non-executive director resigned on 26 June 2024.

(vi) The independent non-executive director was appointed on 20 December 2024.

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

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

During the current year and prior year, no emoluments were paid by the Group to the directors or the chief executive as an inducement to join or upon joining the Group or as compensation for loss of office.

8. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS AND HIGHEST PAID INDIVIDUALS (continued)

(b) Highest paid individuals

Of the five individuals with the highest emoluments in the Group, there was no director (2023: nil). The emoluments of the 5 (2023: 5) individuals were as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	**1,992**	1,948
Retirement benefit scheme contributions	**178**	210
	2,170	2,158

The number of the highest paid individuals whose remuneration fell within the following band is as follows:

	2024 Number of employees	2023 Number of employees
Nil to HK$1,000,000	**5**	5

During the current year and prior year, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

9. INCOME TAX

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% (2023:16.5%) on the estimated assessable profits arising in Hong Kong for the current year and prior year.

Mainland China

Under the Law of Mainland China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of Mainland China subsidiaries was 25% for both the current year and prior year. 山東啟華教育科技有限公司, a non-wholly owned subsidiary of the Company, was approved as High and New Technology Enterprise and was eligible to enjoy a preferential enterprise income tax rate of 15% for both the current year and prior year.

	2024 RMB'000	2023 RMB'000 (Re-presented)
Continuing operations:		
Current tax		
Charge for the year	**103**	217
Over provision in prior years	**(149)**	–
	(46)	217
Deferred taxation (note 26)	**3,922**	(12,980)
Total tax expenses/(credit) for the year	**3,876**	(12,763)

9. INCOME TAX (continued)

Mainland China (continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	2024 **RMB'000**	2023 RMB'000 (Re-presented)
Continuing operations:		
Loss before tax	**(33,289)**	(60,411)
Tax at the domestic income tax rate of 25%	**(8,322)**	(15,103)
Losses (profits) attributable to joint ventures	**1,305**	(1,423)
Expenses not deductible for tax	**2,720**	3,019
Income not subject to tax	**(1,304)**	(921)
Tax losses not recognized	**8,594**	901
Effect of different tax rates of subsidiaries operating in other jurisdictions	**861**	1,293
Over provision in respect of prior years	**(149)**	–
Effect of preferential tax rate	**171**	479
Additional deduction for research and development expenditure	**–**	(155)
Utilisation of tax losses	**–**	(853)
Income tax expenses/(credit) for the year	**3,876**	(12,763)

Note: The domestic tax rate which is the Mainland China EIT rate, in the jurisdiction where the operation of the Group is substantially based, is used.

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024 (31 December 2023: Nil).

11. DISCONTINUED OPERATION

On 29 November 2024, NEQH Development and Construction Co. Ltd (核建青控開發建設有限公司) (the "Vendor"), a direct 51% owned subsidiary of the Company, and Bengbu City Huaiying Investment and Management Company Limited (the "Purchaser"), an independent third party, entered into a sale and purchase agreement (the "Sale and Purchase Agreement") to sell the 95% equity interest of the subsidiary, Bengbu City Huai Yi Construction and Development Limited (蚌埠市淮翼建設發展有限公司) ("Huai Yi"), to the Purchaser. Detailed information of the transaction is set out in circular of the Company dated 18 December 2024.

The disposal (the "Disposal") was completed on 26 December 2024 (the "Date of Completion") and constitutes a discontinued operation under HKFRS 5 "Non-current Assets Held for Sale an Discontinued Operations" as the operation of Huai Yi represented one of the major lines of business of the Group. The comparative figures in the consolidated statement of profit or loss have been re-presented the result of Huai Yi as a discontinued operation.

11. DISCONTINUED OPERATION (continued)

Analysis of the results of the discontinued operation is as follow:

	Period from 1 January 2024 to the Date of Completion RMB'000	Year ended 31 December 2023 RMB'000
Other revenue	386	20
Expenses	(8)	(3)
Profit before tax	378	17
Taxation	(95)	(5)
Gain on disposal of a subsidiary, net of nil income tax (note 27)	19,266	–
Profit for the year from discontinued operation	19,549	12
Operating cash inflows	(99,990)	11
Investing cash inflows	–	–
Financing cash inflows	360,000	–
Net cash inflows	260,010	11

12. LOSS PER SHARE

The calculations of the basic and diluted loss per share attributable to ordinary equity holders of the parent are based on:

	2024 RMB'000	2023 RMB'000 (Re-presented)
(Loss)/profit attributable to ordinary equity holders of the parent		
– from continuing operations	**(34,847)**	(47,335)
– from discontinued operation	**19,535**	11
	(15,312)	(47,324)

	Number of shares	
	2024	2023
Number of shares		
Weighted average number of ordinary shares in issue during the year	**998,553,360**	998,553,360

The Company had no potentially dilutive ordinary shares in issue for both years.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2024						
Cost	51,860	282	116	2,592	229	55,079
Accumulated depreciation and impairment	(10,848)	(216)	(70)	(1,238)	(218)	(12,590)
Net carrying amount	41,012	66	46	1,354	11	42,489
At 1 January 2024						
Net of accumulated depreciation and impairment	41,012	66	46	1,354	11	42,489
Additions	–	–	3	18	–	21
Disposals	–	–	–	(2)	–	(2)
Depreciation provided during the year	(1,932)	(29)	(8)	(366)	–	(2,335)
Exchange realignment	266	5	–	45	–	316
Cost of 31 December 2024, net of accumulated depreciation and impairment	39,346	42	41	1,049	11	40,489
At 31 December 2024						
Cost	51,860	282	119	2,566	229	55,056
Accumulated depreciation and impairment	(12,514)	(240)	(78)	(1,517)	(218)	(14,567)
Net carrying amount	39,346	42	41	1,049	11	40,489

The net carrying amounts with respect to leasehold land as at 31 December 2024 and 31 December 2023 were approximately RMB14,387,000 and RMB14,526,000, respectively, and the total depreciation with respect to leasehold land for the year ended 31 December 2024 was approximately RMB1,288,000 (31 December 2023: RMB1,209,000).

At 31 December 2024, the Group's property, plant and equipment with a net carrying amount of approximately RMB25,029,000 (31 December 2023: RMB25,630,000) were pledged to secure the banking facility granted to the Group (note 25).

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land and buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2023						
Cost	50,864	278	116	2,587	229	54,074
Accumulated depreciation and impairment	(8,832)	(185)	(59)	(880)	(214)	(10,170)
Net carrying amount	42,032	93	57	1,707	15	43,904
At 1 January 2023						
Net of accumulated depreciation and impairment	42,032	93	57	1,707	15	43,904
Additions	632	–	–	16	–	648
Disposals	–	–	–	(1)	–	(1)
Depreciation provided during the year	(1,887)	(28)	(11)	(369)	(4)	(2,299)
Exchange realignment	235	1	–	1	–	237
Cost at 31 December 2023, net of accumulated depreciation and impairment	41,012	66	46	1,354	11	42,489
At 31 December 2023						
Cost	51,860	282	116	2,592	229	55,079
Accumulated depreciation and impairment	(10,848)	(216)	(70)	(1,238)	(218)	(12,590)
Net carrying amount	41,012	66	46	1,354	11	42,489

14. INVESTMENT PROPERTIES

	Investment properties Total RMB'000
FAIR VALUE	
At 1 January 2023	460,875
Decrease in fair value recognized in profit or loss	(29,202)
Exchange realignment	1,960
At 31 December 2023	433,633
Decrease in fair value recognized in profit or loss	(3,288)
Exchange realignment	2,631
At 31 December 2024	432,976

The fair value of the Group's investment properties as at 31 December 2024 and 2023 were estimated by directors of the Company with reference to properties valuations at that dates performed by Masterpiece Valuation Advisory Limited, an independent professionally qualified valuer.

The investment properties are leased to related parties and third parties under operating leases, further summary details of which are included in note 15 and note 33(iii) to the financial statements.

During the year ended 31 December 2024, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (2023: Nil). The Group's policy is to recognize transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of the investment properties as at 31 December 2024 and 2023 is a Level 3 recurring fair value measurement, which uses significant unobservable inputs (i.e. inputs not derived from market data), the movements during the years in the balance of these Level 3 fair value measurements are as follows:

	Total RMB'000
FAIR VALUE	
At 1 January 2023	460,875
Decrease in fair value recognized in profit or loss	(29,202)
Exchange realignment	1,960
At 31 December 2023	433,633
Decrease in fair value recognized in profit or loss	(3,288)
Exchange realignment	2,631
At 31 December 2024	432,976

14. INVESTMENT PROPERTIES (continued)

Set out below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	**Significant unobservable inputs**	**Range or weighted average**	
			2024	2023
Residential Properties in Hong Kong	Income Capitalisation approach	Term yield	**2.6%**	2.3%
		Reversionary yield	**3.1%**	2.8%
		Reversionary monthly rent per sq.foot.	**HKD41.3**	HKD40.3
Industrial and Commercial properties in Hong Kong	Income capitalisation approach	Term yield	**3.3%**	2.9%
		Reversionary yield	**3.8%**	3.4%
		Reversionary monthly rent per sq.foot.	**HKD16.1**	HKD14.9
Commercial properties in Hong Kong	Income capitalisation approach	Term yield	**2.2%**	2%
		Reversionary yield	**2.2%**	2%
		Reversionary monthly rent per sq.foot.	**HKD45**	HKD48.5
Commercial properties in Mainland China	Income capitalisation approach	Term yield	**6.4%**	6.8%
		Reversionary yield	**3.4%**	3.8%
		Reversionary monthly rent per sq.metre	**RMB102**	RMB108
Car parks in Mainland China	Direct comparison approach	Adjusted market price per car park	**RMB170,000**	RMB150,000

Fair value measurements are based on the highest and best use of the investment properties, which does not differ from their actual use.

Under the income capitalisation approach, fair value is estimated taking into account the current rents of the property interests and the reversionary potentials of the tenancies, and the term yield and reversionary yield are then applied respectively to derive the market value of the property. Assuming other inputs keep constant, a increase (decrease) in the reversionary rent would result in a increase (decrease) in the fair value of the investment properties, a increase (decrease) in the term yield and reversionary yield would result in a decrease (increase) in the fair value of the investment properties.

Under the direct comparison approach, fair value is estimated assuming the sale of each of these car parks in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as locations. A increase (decrease) in the adjusted market price would result in a increase (decrease) in the fair value of the car parks.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of properties used in its operations. Leases of properties generally have lease terms of 3 years. Other equipment generally has lease terms of 12 months or less and/or are individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leased properties RMB'000
As at 1 January 2023	812
Additions	1,724
Depreciation charge	(1,004)
As at 31 December 2023	1,532
Lease modification	1,119
Depreciation charge	(1,133)
As at 31 December 2024	1,518

15. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	Lease liabilities RMB'000
As at 1 January 2023	917
New leases	1,724
Accretion of interest recognized during the year	36
Payments	(1,145)
Carrying amount at 31 December 2023	1,532
Analysed into:	
Current portion	955
Non-current portion	577
As at 1 January 2024	1,532
Lease modification	1,119
Accretion of interest recognized during the year	91
Payments	(1,210)
Carrying amount at 31 December 2024	1,532
Analysed into:	
Current portion	1,170
Non-current portion	362
	1,532

The maturity analysis of lease liabilities is disclosed in note 36 to the financial statements.

(c) The amounts recognized in profit or loss in relation to leases are as follows:

	2024 **RMB'000**	2023 RMB'000
Interest on lease liabilities	**91**	36
Depreciation charge of right-of-use assets	**1,133**	1,004
Expense relating to short-term leases	**–**	100
Total amount recognized in profit or loss	**1,224**	1,140

15. LEASES (continued)

The Group as a lessor

The Group leases its investment properties (note 14) consisting of three properties in Hong Kong, portfolio of units in a commercial property and 136 car parks in Mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognized by the Group during the year was RMB11,305,000 (2023: RMB8,839,000), details of which are included in note 5 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2024 **RMB'000**	2023 RMB'000
Within one year	**11,085**	8,508
After one year but within two years	**8,857**	8,509
After two years but within three years	**8,600**	8,514
After three years but within four years	**8,685**	8,599
After four years but within five years	**8,771**	8,684
After five years	**17,086**	25,973
	63,084	68,787

16. GOODWILL

	RMB'000
At 1 January 2023, 31 December 2023 and 31 December 2024:	
Cost	5,210
Accumulated impairment	(3,240)
Net carrying amount	1,970

Goodwill acquired in business combinations was allocated, at acquisition, to an individual cash-generating unit ("CGU"), comprising a subsidiary engaged in the research and development, production and sale of education equipment business.

Impairment testing of goodwill

The recoverable amount of CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 18% (31 December 2023: 18%). The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 2.5% (31 December 2023: 2.5%) per annum, which is based on industry growth forecasts.

Assumptions were used in the value-in-use calculation of the CGU for 31 December 2024 and 31 December 2023. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant unit.

The values assigned to the key assumptions on the market development of the production and sale of education equipment business and the discount rate are consistent with external information sources.

Base on management assessment, no impairment loss is recognized for the goodwill and related non-current non-financial assets.

17. OTHER INTANGIBLE ASSETS

	Design patents RMB'000
31 December 2024	
Cost at 1 January 2024, net of accumulated amortization:	**10,199**
Amortization provided during the year	**(2,376)**
Net carrying amount	**7,823**
At 31 December 2024:	
Cost	**24,343**
Accumulated amortization	**(16,520)**
Net carrying amount	**7,823**

	Design patents RMB'000
31 December 2023	
Cost at 1 January 2023, net of accumulated amortization:	12,578
Amortization provided during the year	(2,379)
Net carrying amount	10,199
At 31 December 2023:	
Cost	24,343
Accumulated amortization and impairment	(14,144)
Net carrying amount	10,199

18. INVESTMENTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets in joint ventures	**4,394**	9,612

Particulars of the Group's material joint ventures are as follows:

Name	Registered capital	Place of incorporation/ registration and business	Ownership interest	Voting power	Profit sharing	Principal activities
Hejian Qingkong (Shandong) Project Management Co., Ltd	RMB10,000,000	PRC/Mainland China	50%	50%	50%	Construction engineering supervision and engineering cost consulting business
Huizhou Yanlong Real Estate Co., Ltd	RMB10,000,000	PRC/Mainland China	49%	49%	49%	Real estate development business
Hejian Qingkong Construction Engineering Co., Ltd ("Hejian Qingkong Construction")	RMB50,000,000	PRC/Mainland China	50%	50%	50%	Construction engineering supervision and engineering cost consulting business

The above investments are indirectly held by the Company.

The financial year of the above joint ventures is coterminous with that of the Group.

	2024 RMB'000	2023 RMB'000
Share of the joint ventures' (loss)/profit for the year	**(5,218)**	5,694
Share of the joint ventures' total comprehensive (loss)/income	**(5,218)**	5,694
Aggregate carrying amount of the Group's investments in the joint ventures	**4,394**	9,612

18. INVESTMENTS IN JOINT VENTURES (continued)

Summarised financial information of material joint venture:

Hejian Qingkong Construction

	2024 **RMB'000**	2023 RMB'000
As at 31 December		
Current assets	**82,371**	91,802
Non-current assets	**1,760**	1,956
Current liabilities	**(75,774)**	(74,919)
Net assets	**8,357**	18,839
Group's share of the net assets	**4,179**	9,065
Year ended 31 December		
Revenues	**21,008**	173,314
(Loss)/profit from continuing operations	**(10,482)**	13,094
Total comprehensive (loss)/income	**(10,482)**	13,094

Aggregate information of joint ventures that are not individually material

	As at 31 December	
	2024 **RMB'000**	2023 RMB'000
The Group's share of profit and total comprehensive income	**23**	(853)
Aggregate carrying amount of the Group's interest in these joint ventures	**215**	547

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 **RMB'000**	2023 RMB'000
Unlisted investment, at fair value	–	2,058

On 29 June 2016, a wholly-owned subsidiary of the Company (the "Subscriber") entered into a subscription agreement, pursuant to which the Subscriber agreed to subscribe for the Class A shares in the Asian Bond Fund Segregated Portfolio (the "Sub-Fund") of CMBI (an exempted segregated portfolio company incorporated in the Cayman Islands with limited liability) for an aggregate consideration of US$1,795,000 (equivalent to approximately RMB11,950,000). The Sub-Fund is a segregated portfolio of a fund (the "Fund") and managed by CMB International Asset Management Limited. The subscription of the Class A shares in the Sub-Fund, representing approximately 8.50% of the total issued Class A shares of the Sub-Fund, was completed on 7 July 2016.

The Fund aims at generating interest income and long-term capital appreciation, with at least 70% of its net assets invested in a broad range of fixed income securities and instruments and derivative financial instruments for investment and hedging purposes. Not more than 30% of the Sub-Fund's net assets may be invested in assets not meeting the above requirements.

Shares of the Sub-Fund may be redeemed at a redemption price which equals the net asset value per share as at the valuation date immediately preceding the dealing date. The Sub-Fund may redeem all or some of the shares of the Sub-Fund held by any person if, in the opinion of the directors of the Fund, it is in the interests of the Sub-Fund or when certain conditions are met, at the prevalent redemption price. The price of each share equals the net asset value per share after adjusting for all liabilities accrued or contingent upon the liquidation of the Sub-Fund.

There is no guaranteed nor targeted level of dividend payment from the Sub-Fund. The Sub-Fund may at its full discretion declare none, partial or all of its income accrued or receive recognized capital gains and capital of the Sub-Fund to its shareholders.

In 2020, the Group disposed of 13,500 shares, which were 76% of the total shares held, and reclassified the remaining 4,377.64 shares from non-current assets to current assets as management planned to dispose of them in the near future.

During 2024, the Group disposed of the remaining shares in the Sub-Fund with net proceeds of RMB2,072,000 received.

20. INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	**7,344**	8,401
Finished goods	**2,940**	4,913
Properties under development	**–**	373,484
	10,284	386,798

During the year, cost of inventories sold of RMB18,791,000 (2023: RMB23,431,000) are recognised as expenses with nil allowance recognized (2023: RMB1,023,000) for write down to net realizable value for inventories.

21. TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**12,069**	7,672
Less: Allowance for credit losses	**(3,612)**	(2,612)
	8,457	5,060
Deposits, prepayments and other receivables (note)	**23,245**	18,823
Less: Allowance for credit losses	**(195)**	(195)
	23,050	18,628
Advance payment of income tax	**–**	2,423
Value-added tax recoverable	**293**	900
	31,800	27,011

Note: The amount included a total deposit of RMB20,000,000 (31 December 2023: RMB15,000,000) paid to Party A, a local government owned entity initially intended to cooperate with the Group to acquire certain land use right in the PRC for a proposed real estate development project. The sum was ultimately funded by the consultancy fee payment of RMB20,000,000 made by Party B, an independent construction contractor who aspired to take on construction and/or other roles connected with the proposed real estate development project. Such funding had routed through a joint venture of the Group and the subsidiary which made the deposit with Party A. The consultancy fee payment of RMB20,000,000 was accounted for as amount due to a joint venture in the Group's financial statements (note 33(vi)). As the local government's master plan which covers the proposed real estate development project has changed, the project could not proceed.

On 8 January 2025, Party B filed a writ to a local court in the PRC against the joint venture, the subsidiary and Party A to seek refund of the consultancy fee payment with accrued interest. Under a mediation arranged by the local court, Party A agreed to repay the RMB20,000,000 with accrued interest directly to a designated bank account of Party B and Party B agreed to withdraw its legal action. The parties also agreed the direct settlement from Party A to Party B, representing the discharge of rights and obligations of the subsidiary and the joint venture under the proposed real estate development project. On 27 February 2025, Party A arranged the direct settlement to Party B and the case was withdrawn, along with which the deposit of RMB20,000,000 and the amount due to the joint venture of the same amount will hence be derecognised.

21. TRADE AND OTHER RECEIVABLES (continued)

According to the Group's trading terms with its customers, payment in advance is normally required, except for certain customers, where a credit period is allowed. The credit period is generally three months, extending up to six months or longer for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group has concentration of credit risk as 31% and 92% of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within production and sale of education equipment segment. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Deposits, prepayments and other receivables mainly represents prepayments and the deposits with suppliers and other parties. The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group with similar debtors and are adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	RMB'000
Within 1 month	**4,153**	2,695
1 to 2 months	**444**	40
2 to 3 months	**–**	1,362
Over 3 months	**3,860**	963
	8,457	5,060

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	RMB'000
At beginning of year	**2,612**	1,462
Impairment losses, net	**1,000**	1,150
At end of year	**3,612**	2,612

Except for debtors become credit-impaired of significant increase in credit risk which assess expected credit loss on individual basis, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses on a collective basis. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

21. TRADE AND OTHER RECEIVABLES (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Current	**Past due**	**Total**
Expected credit loss rate	**9.31%**	**44.86%**	**29.93%**
Gross carrying amount (RMB'000)	**5,069**	**7,000**	**12,069**
Expected credit losses (RMB'000)	**472**	**3,140**	**3,612**

As at 31 December 2023

	Current	Past due	Total
Expected credit loss rate	17.72%	46.20%	34.05%
Gross carrying amount (RMB'000)	3,274	4,398	7,672
Expected credit losses (RMB'000)	580	2,032	2,612

22. CASH AND CASH EQUIVALENTS

	2024 **RMB'000**	2023 RMB'000
Cash and bank balances	**113,457**	57,599
Time deposits	**64,940**	98,668
	178,397	156,267

At the end of the reporting period, the cash and bank balances and time deposits of the Group with original maturity of three months or less denominated in RMB amounted to RMB103,002,000 (31 December 2023: RMB45,384,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through bank authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the deposit rates of the respective periods. The bank balances are deposited with creditworthy banks or financial institutions with no recent history of default.

23. TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables	2,811	339,364
Accrued charges and other payables	9,805	30,144
Other taxes payable	1,568	1,424
	14,184	370,932

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	371	24,451
1 to 2 months	252	15,686
2 to 3 months	332	–
Over 3 months	1,856	299,227
	2,811	339,364

The trade and other payables are non-interest-bearing and are normally settled on 90-day terms.

24. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Receipt in advance on sales of education equipment	226	1,736

The Group receives the prepayments from customers when they sign the purchase agreements which are recognized as contract liabilities at the execution of a contract, until the revenue is recognized on the relevant contracts. The contract liabilities recorded at the beginning of the year had been fully recognized as revenue during the year. The balance at 31 December 2024 will be recognized as revenue for the year ending 31 December 2025.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Lease liabilities (note 15)	4.75		1,170	4.75		955
Bank loans – secured	N/A	N/A	–	4.9-7.8	Note (b(i))	36,490
Current portion of long-term bank loans – secured	3.85	2025	990	4.2	2024	990
			2,160			38,435
Non-current						
Lease liabilities (note 15)	4.75	2026	362	4.75	2026	577
Bank loans – secured	3.85	2031 Note (b(ii))	5,115	4.2	2031 Note (b(ii))	6,105
			5,477			6,682
			7,637			45,117
Analysed into:						
Bank loans repayable:						
Within one year or on demand			1,980			37,480
In the second year			990			990
In the third to five years, inclusive			2,970			2,970
Beyond five years			165			2,145
			6,105			43,585
Other borrowings repayable:						
Within one year			1,170			955
In the second year			362			577
			1,532			1,532
			7,637			45,117

25. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

(a) As at 31 December 2024, the Group had no unutilised banking facilities (31 December 2023: Nil).

(b) Certain of the Group's bank loans are secured by:

(i) Mortgages over the Group's investment properties situated in Hong Kong, which had an aggregate carrying value of RMB127,143,000 as at 31 December 2023. The bank loan was required to repay on demand and has repaid in full during 2024. As at 31 December 2024, the Group is still in the process of application for releasing the charge over the investment properties in Hong Kong.

(ii) Mortgages over the Group's property, plant and equipment, which had a net carrying value at the end of the reporting period of approximately RMB25,029,000 (31 December 2023: RMB25,630,000).

26. DEFERRED TAX

The movements in deferred tax assets and liabilities during the current year are as follows:

Deferred tax assets

	Lease liabilities	Intangible assets	Impairment loss	Tax losses recognized	Revaluation of investment properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	26	1,242	11,206	9,225	(3,587)	18,112
(Charged)/credit to profit or loss	(26)	–	326	10,436	4,427	15,163
Exchange realignment	–	–	–	38	–	38
At 31 December 2023	–	1,242	11,532	19,699	840	33,313
Charged to profit or loss	–	–	(3,320)	(47)	(555)	(3,922)
Exchange realignment	–	–	–	–	39	39
At 31 December 2024	–	1,242	8,212	19,652	324	29,430

26. DEFERRED TAX (continued)

Deferred tax liabilities

	Accelerated tax depreciation RMB'000
At 1 January 2023	16,982
Charged to profit or loss	2,183
Exchange realignment	54
At 31 December 2023	19,219
Charged to profit or loss	–
Exchange realignment	27
At 31 December 2024	19,246

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 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**11,466**	15,349
Net deferred tax liabilities recognised in the consolidated statement of financial position	**1,282**	1,255

At 31 December 2024, the Group had unused tax losses of RMB128,309,000 (31 December 2023: RMB90,486,000) available for offsetting against future profits. A deferred tax asset has been recognized in respect of RMB81,081,000 (31 December 2023: RMB81,081,000) of such losses. No deferred tax asset has been recognized in respect of the remaining unused tax losses of RMB47,228,000 (31 December 2023: RMB9,405,000) because it is not considered probable that taxation profits will be available. Tax losses amounting to RMB38,268,000 (31 December 2023: RMB28,132,000) may be carried forward indefinitely under current tax regulations in Hong Kong. The remaining balance amounting to RMB90,041,000 (31 December 2023: RMB62,354,000) arising in Mainland China may be carried forward for five to ten years.

At 31 December 2024, no deferred tax has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognized total approximately RMB1,071,000 at 31 December 2024 (31 December 2023: RMB9,390,000).

27. DISPOSAL OF A SUBSIDIARY

As disclosed in note 11, the disposal of Huai Yi was completed on 26 December 2024. The aggregate amounts of assets and liabilities attributable to Huai Yi on the date of disposal were as follows:

	RMB'000
Total consideration:	
Cash consideration	43,655

Analysis of assets and liabilities over which control was lost:

	RMB'000
Inventories	479,420
Other receivables, deposits and prepayments	4,594
Cash and cash equivalents	260,448
Trade and other payables	(391,876)
Amount due to non-controlling interest shareholder	(326,973)
Net assets disposed of	25,613
Gain on disposal of a subsidiary	
Consideration received	43,655
Net assets disposed of	(25,613)
Transaction costs directly attributable to the disposal	(727)
Non-controlling interests	1,951
Gain on disposal, net of nil income tax (note 11)	19,266
Net cash outflow arising on disposal:	
Consideration received by cash	43,655
Less: Cash and cash equivalents disposed of	(260,448)
Less: Transaction costs directly attributable to the disposal	(727)
	(217,520)

28. SHARE CAPITAL

Shares

The number of authorised capital is 20,000,000,000. The par value per share is HK$0.1.

	2024	2023
	RMB'000	RMB'000
Issued and fully paid 998,553,360 (2023: 998,553,360) ordinary shares	**81,257**	81,257

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**
		RMB'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	998,553,360	81,257

29. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2024	2023
Percentage of equity interest held by non-controlling interests at end of reporting period are:		
山東啟華教育科技有限公司	**49%**	49%
核建青控開發建設有限公司	**49%**	49%
蚌埠市淮翼建設發展有限公司	**–**	5%

	2024	2023
	RMB'000	RMB'000
(Loss)/Profit for the year allocated to non-controlling interests:		
山東啟華教育科技有限公司	**(803)**	(1,771)
核建青控開發建設有限公司	**(1,515)**	1,458
蚌埠市淮翼建設發展有限公司	**14**	1
Accumulated balances of non-controlling interests at the reporting date:		
山東啟華教育科技有限公司	**28,467**	29,270
核建青控開發建設有限公司	**27,116**	28,622
蚌埠市淮翼建設發展有限公司	**–**	1,946

29. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations and other adjustments:

2024	**山東啟華教育科技有限公司 RMB'000**	**核建青控開發建設有限公司 RMB'000**
Revenue	**33,029**	**–**
Other income	**–**	**16,597**
Total expenses	**(34,668)**	**(6,071)**
Profit/(Loss) for the year	**(1,639)**	**10,526**
Current assets	**31,311**	**103,025**
Non-current assets	**41,740**	**8,181**
Current liabilities	**(6,047)**	**(26,503)**
Non-current liabilities	**(5,115)**	**–**
Net cash flows from/(used in) operating activities	**2,842**	**8,778**
Net cash flows from investing activities	**–**	**43,612**
Net cash flows used in financing activities	**(1,255)**	**–**
Net increase/(decrease) in cash and cash equivalents	**1,587**	**52,390**

2023	山東啟華教育科技有限公司 RMB'000	核建青控開發建設有限公司 RMB'000	蚌埠市淮翼建設發展有限公司 RMB'000
Revenue	33,466	–	–
Other income	–	6,571	20
Total expenses	(37,080)	(3,595)	(8)
Loss for the year	(3,614)	2,976	12
Current assets	32,154	47,899	377,363
Non-current assets	52,546	52,983	–
Current liabilities	(6,490)	(24,693)	(338,343)
Non-current liabilities	(6,105)	–	–
Net cash flows (used in)/from operating activities	2,627	(8,332)	(11)
Net cash flows used in investing activities	638	–	–
Net cash flows used in financing activities	(1,299)	(912)	–
Net decrease in cash and cash equivalents	1,966	(9,244)	(11)

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Amount due to a joint venture RMB'000	Interest-bearing bank and other borrowings RMB'000	Loan from and amount due to the ultimate holding company RMB'000	Amount due to a Non-controlling Interest shareholder RMB'000	Total RMB'000
At 31 January 2024	15,000	45,117	459,100	–	519,217
Change from cash flow:					
Advance from a joint venture	5,000	–	–	–	5,000
Advance from a non-controlling interest shareholder of a subsidiary	–	–	–	400,000	400,000
Repayment of advances from a non-controlling interest shareholder of a subsidiary	–	–	–	(40,000)	(40,000)
Repayment of advances from the ultimate holding company	–	–	(115,100)	–	(115,100)
Principal portion of lease payment	–	(1,119)	–	–	(1,119)
Interest portion of lease payment	–	(91)	–	–	(91)
Payment of bank loans	–	(37,478)	–	–	(37,478)
Other borrowing cost paid	–	(1,994)	(20,269)	–	(22,263)
Changes from financing cash flows	5,000	(40,682)	(135,369)	360,000	188,949
Other changes:					
Exchange realignment	–	(2)	–	–	(2)
Disposal of a subsidiary	–	–	–	(360,000)	(360,000)
Inception of new leases	–	1,119	–	–	1,119
Interest expenses	–	2,085	20,269	–	22,354
Total other changes	–	3,202	20,269	(360,000)	(336,529)
At 31 December 2024	20,000	7,637	344,000	–	371,637

30. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

Changes in liabilities arising from financing activities (continued)

	Amount due to a joint venture RMB'000	Interest-bearing bank and other borrowings RMB'000	Loan from and amount due to the ultimate holding company RMB'000	Total RMB'000
At 31 January 2023	–	49,456	459,100	508,556
Change from cash flow:				
Advance from a joint venture	15,000	–	–	15,000
Principal portion of lease payment	–	(1,109)	–	(1,109)
Interest portion of lease payment	–	(36)	–	(36)
Payment of bank loans	–	(5,569)	–	(5,569)
Other borrowing cost paid	–	(2,885)	(24,964)	(27,849)
Changes from financing cash flows	15,000	(9,599)	(24,964)	(19,563)
Other changes:				
Exchange realignment	–	615	–	615
Inception of new leases	–	1,724	–	1,724
Interest expenses	–	2,921	24,964	27,885
Total other changes	–	5,260	24,964	30,224
At 31 December 2023	15,000	45,117	459,100	519,217

31. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

32. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for:		
Capital contributions payable to joint ventures	**24,000**	28,900

33. RELATED PARTY TRANSACTIONS

During the year, the Group companies entered into the following transactions with related parties.

			Transaction amount		Balance owned/(owned)	
Related party relationship	**Type of transaction**	Note	**2024 RMB'000**	2023 RMB'000	**2024 RMB'000**	2023 RMB'000
Joint ventures	Interest income from a loan	(ii), (iv)	**583**	168	**5,786**	203,774
	Impairment provision				**–**	(43,694)
					5,786	160,080
Joint ventures	Advance from a joint venture	(vi)	**–**	–	**(20,000)**	(15,000)
The ultimate holding company	Interest expense on loans	(i), (ii)	**20,269**	24,964	**(344,000)**	(459,100)
An intermediate holding company	Rental Income	(iii)	**252**	250	**(21)**	(21)
Non-controlling shareholder of a subsidiary	Trade payable	(v)	**–**	–	**–**	(333,788)

Notes:

(i) As 31 December 2024, the RMB-denominated loan from the ultimate holding company of RMB344,000,000 (31 December 2023: RMB344,000,000) was unsecured and bears a fixed weighted average interest rate of 4.67% (2023: 5.55%) per annum. The maturity date of the loan is 31 December 2026. However, since the Group do not have the right to defer the settlement of the loan for at least twelve months from end of reporting period, the loan is classified as current liability.

(ii) At 7 May 2020, Qingdao Qifeng Technology Services Co., Ltd. ("Qifeng", an indirect wholly-owned subsidiary of the Company), Qingdao Urban Rural Construction Micro-credit Loan Co. Ltd. ("QURC Micro-credit Loan Company") and Huizhou Jiuyu Real Estate Company Limited ("Huizhou Jiuyu", a joint venture of the Group) entered into a loan arrangement, pursuant to which QURC Micro-credit Loan Company, acting as the lending agent, will release a loan in the principal amount of RMB195,100,000, which will be funded by Qifeng, to Huizhou Jiuyu, with a loan term of 2 years and bears interest at a fixed rate of 15% per year in accordance with the terms of the loan contract.

The Ultimate Holding Company of the Company, entered into the loan agreement with Qifeng on the same day, pursuant to which, Ultimate Holding Company has agreed to provide, upon Qifeng's request, an unsecured loan of RMB182,000,000 to Qifeng. Such loan will be available for drawdown by Qifeng in accordance with Qifeng's actual needs within two years from the first drawdown under the loan agreement at an interest rate of 3.85% per annum. The Group used the loan provided by Ultimate Holding Company to fund the loan to be made to Huizhou Jiuyu. As 31 December 2023, the RMB-denominated loan from the ultimate holding company of RMB115,100,000 was unsecured and bears interest at an average interest rate of 5.34% per annum. The loan was due on 24 December 2022 and was required to repay on demand.

As at 31 December 2023, the RMB-denominated loan has been provided to Huizhou Jiuyu of RMB191,600,000 and bears interest at a fixed rate of 15% per year. The interest receivable from Huizhou Jiuyu is RMB7,006,000. The Group has not recognized interest income on the loan during the year (2023: RMB Nil). Based on the judgement of management, the loan and interest receivable will not be recoverable since the loan and interest was overdue since 2022. Pursuant to the loan contract, the loan is guaranteed by the leasehold land and buildings (the "underlying collateral") owned by Huizhou Jiuyu and an interest in Huizhou Yanlong Land Company Limited ("Huizhou Yanlong", the shareholder of Huizhou Jiuyu) owned by Huizhou Meile Land Company Limited.

33. RELATED PARTY TRANSACTIONS (continued)

Notes: (continued)

(ii) (continued)

As at 31 December 2023, the Group's overdue loan and interest receivable from joint venture amounted to RMB154,912,000, net of the allowances of RMB43,694,000. As at 31 December 2023, in the opinion of the Directors base on fair value assessment of underlying collateral, the fair value of the underlying collateral approximate to the carrying amounts of the loan and interest receivable.

On 22 December 2023, Qifeng and Qingdao City Investment and Assets Management Company Limited ("青島城投資產管理有限公司"), a related party of the Company, entered into a transfer of loan agreement, pursuant to which Qifeng, as the transferor, will transfer the overdue loan and interest receivable from Huizhou Jiuyu to 青島城投資產管理有限公司 as the transferee, at the consideration of RMB155,000,000. The transfer was completed and consideration has received with gain of RMB88,000 recognized during 2024.

At the same time, the unsecured loan payable to Ultimate Holding Company of RMB115,100,000 was fully repaid.

(iii) The Group has leased one of its residential properties in Hong Kong under an operating lease agreement to an intermediate holding company, China Qingdao Development (Holdings) Group Company Limited. The outstanding balances due to the intermediate holding company of RMB21,000 (31 December 2023: RMB21,000), which are included in rental deposits from tenants in the consolidated statement of financial position as at the end of the reporting period are unsecured, interest-free and have no fixed terms of repayment.

(iv) At 31 December 2024, the RMB-denominated loan to the Group's joint venture, Hejian Qingkong Construction of RMB5,000,000 was unsecured with the maturity date of 30 June 2025. The loan bears interest at a fixed annual rate of 10% per year. The Company has recognized an interest income on the loan amounting to RMB583,000 (year ended 31 December 2023: RMB168,000).

(v) In June 2021, Huai Yi issued a construction bidding announcement for the resettlement housing project of Yongkang Yuan, with a project budget of RMB470,000,000. In January 2022, it was announced that the winning bidder for construction was China Nuclear Industry Zhongyuan Construction Co., Ltd. (a non-controlling shareholder), with a winning bid amount of RMB444,677,000. Huai Yi signed a construction project contract with China Nuclear Industry Zhongyuan Construction Co., Ltd. for a total contract of RMB444,677,000. Construction of the project has begun in June 2022, and as at 31 December 2023, the amount of trade payable to China Nuclear Industry Zhongyuan Construction Co., Ltd. was RMB333,788,000. The trade payable has been de-recognized upon completion of disposal of Huai Yi.

(vi) At 31 December 2024 and 2023, the amount due to a joint venture was unsecured, interest-free and repayable on demand.

Compensation of key management personnel of the Group:

	2024	2023
	RMB'000	RMB'000
Short-term benefits	**1,431**	1,522

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

31 December 2024

	Financial assets at amortized cost RMB'000
Trade receivables	**8,457**
Financial assets included in other receivables	**21,209**
Amounts due from joint ventures	**5,786**
Cash and cash equivalents	**178,397**
	213,849

31 December 2023

	Financial assets at fair value through profit or loss – mandatorily designated as such RMB'000	Financial assets at amortized cost RMB'000	Total RMB'000
Trade receivables	–	5,060	5,060
Financial assets included in other receivables	–	16,137	16,137
Financial assets at fair value through profit or loss	2,058	–	2,058
Amounts due from joint ventures	–	160,080	160,080
Cash and cash equivalents	–	156,267	156,267
	2,058	337,544	339,602

34. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities

31 December 2024

	Financial liabilities at amortized cost RMB'000
Trade payables	**2,811**
Financial liabilities included in other payables	**9,535**
Interest-bearing bank and other borrowings	**7,637**
Loan from the ultimate holding company	**344,000**
Amount due to a joint venture	**20,000**
	383,983

31 December 2023

	Financial liabilities at amortized cost RMB'000
Trade payables	339,364
Financial liabilities included in other payables	26,899
Interest-bearing bank and other borrowings	45,117
Loan from the ultimate holding company	459,100
Amount due to a joint venture	15,000
	885,480

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments reasonably approximate to fair values.

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in other receivables, loan receivables, trade payables and financial liabilities included in other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions are used to estimate the fair values:

The fair values of the interest-bearing bank borrowings and loan from and amount due to the ultimate holding company have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as the result of the Group's own non-performance risk for the interest-bearing bank borrowings and loan from and amount due to the ultimate holding company as at 31 December 2024 are assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss	–	–	–	–

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	2,058	–	2,058

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise trade and other receivables, loan and interest receivables, financial assets at fair value through profit or loss, other financial assets, cash and cash equivalents, trade and other payables, interest-bearing bank and other borrowings and amounts due to the ultimate holding company and loans from the ultimate holding company. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are foreign currency risk, other price risk, interest rate risk, credit risk and liquidity risk. Management reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group's businesses are principally conducted in Hong Kong dollars ("HK$") for group entities with operation in Hong Kong and RMB for group entities with operation in both Hong Kong and Mainland China, the functional currencies of which are HK$ and RMB, respectively. The Group currently does not have a currency hedging policy. However, management monitors foreign currency exposure and will consider hedging significant currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HK$ and US$ exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities).

	(Decrease)/ increase HK$/US$ rate	**(Decrease)/ increase In loss before tax**	**(Decrease)/ increase In equity***
	%	RMB'000	RMB'000
Year ended 31 December 2024			
If the RMB weakens against HK$	(5)	(1,739)	(7,061)
If the RMB strengthens against HK$	5	1,739	7,061
If the RMB weakens against US$	(5)	(1)	–
If the RMB strengthens against US$	5	1	–
Year ended 31 December 2023			
If the RMB weakens against HK$	(5)	(2,789)	(6,922)
If the RMB strengthens against HK$	5	2,789	6,922
If the RMB weakens against US$	(5)	(9)	–
If the RMB strengthens against US$	5	9	–

* Excluding retained profits

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank loans with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	(Decrease)/ increase in basis points	**(Decrease)/ increase in loss before tax** RMB'000
Year ended 31 December 2024		
Hong Kong dollar	(100)	–
Hong Kong dollar	100	–
RMB	(100)	(55)
RMB	100	55
Year ended 31 December 2023		
Hong Kong dollar	(100)	(365)
Hong Kong dollar	100	365
RMB	(100)	(71)
RMB	100	71

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The carrying amounts of cash and cash equivalents, trade receivables, financial assets included in other receivables, and amounts due from joint ventures represent the Group's maximum exposure to credit risk in relation to financial assets. Substantially all of the Group's cash and cash equivalents are held in major financial institutions located in Hong Kong and Mainland China, which management believes are of high credit quality. The Group has policies to control the size of the deposits to be placed with various reputable financial institutions according to their market reputation, operating scale and financial background with a view to limiting the amount of credit exposure to any single financial institution.

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's financial assets arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Loan to joint ventures	5,786	–	–	–	5,786
Trade receivables*	–	–	–	12,069	12,069
Financial assets included in other receivables					
– Normal**	21,404	–	–	–	21,404
Cash and cash equivalents					
– Not yet past due	178,397	–	–	–	178,397
	205,589	–	–	12,069	217,656

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Loans to joint ventures	5,168	–	198,606	–	203,774
Trade receivables*	–	–	–	7,672	7,672
Financial assets included in other receivables					
– Normal**	16,332	–	–	–	16,332
Cash and cash equivalents					
– Not yet past due	156,267	–	–	–	156,267
	172,767	–	198,606	7,672	384,045

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 21 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Movement in the loss allowance account in respect of financial assets during the year is as follows:

	Loan to joint ventures RMB'000	**Trade receivables** RMB'000	**Other receivables** RMB'000	**Total** RMB'000
At 1 January 2023	43,694	1,462	195	45,351
Provision/(reversal) for impairment losses recognised during the year	–	1,150	–	1,150
At 31 December 2023 and 1 January 2024	43,694	2,612	195	46,501
Written back upon disposal	(43,694)	–	–	(43,694)
Provision for impairment losses recognised during the year	–	1,000	–	1,000
At 31 December 2024	–	3,612	195	3,807

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, loans from and amounts due to the ultimate holding company and an intermediate holding company, amount due to a joint venture lease liabilities and other interest-bearing loans. 99% of the Group's debts would mature in less than one year as at 31 December 2024 (31 December 2023: 99%) based on the carrying value of borrowings reflected in the financial statements.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. It is the Group's policy to renew its loan agreements with the ultimate holding company, or major banks upon the maturity of the Group's short and long-term borrowings when funding is needed.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

31 December 2024

	Carrying amount RMB'000	On demand or no fixed terms of repayment RMB'000	Within one year RMB'000	Over one year RMB'000	Total RMB'000
Trade and other payables	12,346	12,346	–	–	12,346
Interest-bearing bank and other borrowings	7,637	990	2,160	4,487	7,637
Loan from and amount due to the ultimate holding company	344,000	360,340	–	–	360,340
Amount due to a joint venture	20,000	20,000	–	–	20,000
	383,983	393,676	2,160	4,487	400,323

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

31 December 2023

	Carrying amount RMB'000	On demand or no fixed terms of repayment RMB'000	Within one year RMB'000	Over one year RMB'000	Total RMB'000
Trade and other payables	366,263	366,263	–	–	366,263
Interest-bearing bank and other borrowings	45,117	37,479	1,945	7,060	46,484
Loan from and amount due to the ultimate holding company	459,100	115,100	360,340	–	475,440
Amount due to a joint venture	15,000	15,000	–	–	15,000
	885,480	533,842	362,285	7,060	903,187

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of net debt, which includes trade and other payables, interest-bearing bank and other borrowings, and loan from the ultimate holding company, net of cash and cash equivalents and equity attributable to owners of the parent, comprising issued share capital and reserves. The gearing ratios as at the end of the reporting periods were as follows:

	2024 RMB'000	2023 RMB'000
Trade and other payables	**12,346**	366,263
Interest-bearing bank and other borrowings	**7,637**	45,117
Loan from the ultimate holding company	**344,000**	459,100
Less: Cash and cash equivalents	**178,397**	156,267
Net debt	**185,586**	694,870
Total equity	**339,122**	354,211
Equity and net debt	**524,708**	1,068,424
Gearing ratio	**35%**	67%

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**738**	973
Interests in subsidiaries	**231,665**	232,971
Total non-current assets	**232,403**	233,944
CURRENT ASSETS		
Other receivables	**399**	391
Cash and cash equivalents	**2,500**	92,233
Total current assets	**2,899**	92,624
CURRENT LIABILITIES		
Other payables and accruals	**2,610**	2,800
Amounts due to subsidiaries	**36,053**	98,351
Interest-bearing bank and other borrowings	**–**	36,489
Total current liabilities	**38,663**	137,640
NET CURRENT LIABILITIES	**(35,764)**	(45,016)
TOTAL ASSETS LESS CURRENT LIABILITIES	**196,639**	188,928
Net assets	**196,639**	188,928
EQUITY		
Share capital	**81,257**	81,257
Reserves (Note)	**115,382**	107,671
TOTAL EQUITY	**196,639**	188,928

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Contributed surplus RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 31 December 2022 and 1 January 2023	623,103	314	(511,839)	111,578
Profit and total comprehensive income for the year	–	–	(3,907)	(3,907)
At 31 December 2023 and 1 January 2024	623,103	314	(515,746)	107,671
Profit and total comprehensive income for the year	–	–	8,025	8,025
At 31 December 2024	623,103	314	(507,721)	115,382

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of a former subsidiary at the date on which the Group reorganisation became effective and the nominal amount of the share capital of the Company issued under a previous group reorganisation in 1997. A rights issue of one rights share for every one existing share held by members on the register of members on 11 May 2021 was made, at an issue price of approximately RMB0.32 (HK$0.39) per rights share, resulting in the issue of 499,276,680 shares for a total cash consideration, before expenses, of RMB161,539,154.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is also available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if:

(a) The Company is, or would after the payment be unable to pay its liabilities as they become due or

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account (if any).

38. EVENTS AFTER THE REPORTING PERIOD

No significant events after end of reporting period that require disclosure or account for up to date of issue of these consolidated financial statements.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2025.

SCHEDULE OF PRINCIPAL PROPERTIES

Location	Approximate gross floor area (sq. ft.)	Use	Term of lease	Group's ownership
INVESTMENT PROPERTIES				
Flat E on 13th Floor, Hing On Mansion, On Shing Terrace, No. 5 Tai Yue Avenue, Taikoo Shing, Hong Kong	678	Residential	Medium-term lease	100%
Workshop Unit Nos. 03 to 07 on 9th Floor, Harbour Centre Tower 1, No. 1 Hok Cheung Street, Hung Hom, Kowloon, Hong Kong	16,225	Industrial and commercial	Medium-term to long lease	100%
Office Unit No. 1805, 18th Floor, Tower Two, Lippo Centre, No. 89 Queensway, Hong Kong	1,554	Commercial	Medium-term lease	100%
All office units on 4th Floor to 6th Floor and 12th Floor to 21st Floor and car parking spaces, "22nd Century Plaza", No. 39 Long Cheng Road, Shibei District, Qingdao City, Shandong Province, Mainland China	179,908	Commercial	Long lease	100%