



Battling Against Adversity ***Ascending Together***



Legend Upstar Holdings Limited
Incorporated in the Cayman Islands with limited liability
(Stock Code 股份代號 : 459)

Annual Report 2024 年報

www.midlandici.com.hk

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BOARD OF DIRECTORS**Executive Directors**

Mr. WONG Kin Yip, Freddie (*Chairman*)
 Ms. WONG Ching Yi, Angela
 Mr. LO Chin Ho, Tony
 Mr. WONG Alexander Yiu Ming

Independent Non-Executive Directors

Mr. SHA Pau, Eric
 Mr. WONG Chung Kwong
 Mr. LI Wai Keung

AUDIT COMMITTEE

Mr. LI Wai Keung (*Committee Chairman*)
 Mr. SHA Pau, Eric
 Mr. WONG Chung Kwong

REMUNERATION COMMITTEE

Mr. LI Wai Keung (*Committee Chairman*)
 Mr. WONG Kin Yip, Freddie
 Mr. WONG Alexander Yiu Ming
 Mr. SHA Pau, Eric
 Mr. WONG Chung Kwong

NOMINATION COMMITTEE

Mr. WONG Kin Yip, Freddie (*Committee Chairman*)
 Mr. WONG Alexander Yiu Ming
 Mr. SHA Pau, Eric
 Mr. WONG Chung Kwong
 Mr. LI Wai Keung

COMPANY SECRETARY

Ms. MUI Ngar May, Joel

AUTHORISED REPRESENTATIVES

Ms. WONG Ching Yi, Angela
 Mr. SZE Ka Ming

REGISTERED OFFICE

Cricket Square
 Hutchins Drive
 P.O. Box 2681
 Grand Cayman KY1-1111
 Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2505-8, 25th Floor
 World-Wide House
 19 Des Voeux Road Central
 Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
 22nd Floor
 Prince's Building
 Central
 Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
 DBS Bank (Hong Kong) Limited
 Hang Seng Bank Limited
 Shanghai Commercial Bank Limited
 The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
 Cricket Square
 Hutchins Drive
 P.O. Box 2681
 Grand Cayman KY1-1111
 Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
 17/F, Far East Finance Centre
 16 Harcourt Road
 Hong Kong

CORPORATE WEBSITE

www.legendupstarholdings.com

STOCK CODE

459

Joint Award Ceremony with Midland Realty

In recognition of our outstanding elites, Midland IC&I and Midland Realty jointly held an award presentation ceremony to honor the contributions of colleagues. The event also aimed to encourage cooperation among the department units of the company.



Fully Supporting Events Organized by Property Developers

Midland IC&I has always maintained a good relationship with numerous property developers and has been invited to various events held by developers. This strengthens cooperation between both parties and fosters closer interaction.



Holding the Award Presentation Ceremony in the First Half of the Year

Although the commercial property market has not yet recovered, our colleagues at Midland IC&I have achieved impressive results. Midland IC&I, once again, held the award presentation ceremony, presenting multiple major awards and encouraging all colleagues to keep up their hard work.



Summer Internship Program

The Group has been proactive in nurturing the next generation of talent. Each year, it provides local graduates or undergraduates with internship and employment opportunities, offering opportunities for them to put the knowledge that they acquired from higher education into practice. Furthermore, some interns became our full-time employees after the internship, injecting new energy into the company.



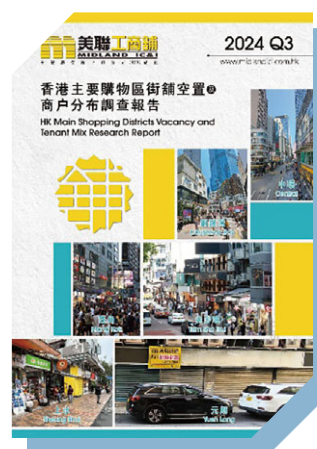
Holding Market Analysis Press Conferences Regularly

The Hong Kong commercial property market continues to be influenced by global political and economic uncertainties. To assist market stakeholders in staying updated on market conditions, the Group has been holding multiple press conferences to analyze the market trends and share comprehensive research data, providing the public with a wide range of information regarding commercial property.



Launching Hong Kong Main Shopping Districts Shop Vacancy and Tenant Mix Research Report

The Group publishes multiple survey reports each year, providing a detailed analysis of vacancy rates and merchant distribution in five major shopping areas: Causeway Bay, Tsim Sha Tsui, Central, Mong Kok and Yuen Long. We incorporate industry data analysis from various industries based on market conditions.



Inviting Outstanding Colleagues for Vacations

The Group has always valued talent. To recognize the contributions of our elite colleagues, the company has organized multiple vacations to Japan, helping them to relax and prepare for future challenges.



BUSINESS REVIEW

Legend Upstar Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) announce that for the year ended 31 December 2024, the Group recorded a net loss attributable to equity holders of approximately HK\$26 million as compared to a net loss attributable to equity holders of approximately HK\$1 million for the year ended 31 December 2023.

The increase in net loss attributable to equity holders of the Company for the year ended 31 December 2024 was mainly attributable to a significant increase in fair value loss on the Group’s investment properties due to the fragile non-residential property market in 2024.

During the reporting period, the Group’s financial results were adversely affected by the poor market conditions which was caused by weak local consumption, strong currency, drop in visitor spending, elevated interest rates and enterprises putting their expansion plans on hold, which continued to suppress the non-residential property market activities and prices in Hong Kong. Excluding the fair value loss on the investment properties, a profit from the Group’s operations is recorded notwithstanding the difficult market environment in 2024.

Non-Residential Property Sectors Remained Subdued

The non-residential property sectors continued to face significant headwinds, with transaction volumes declining across the board in the year 2024. The Group’s data shows that industrial units saw a 13% drop year-on-year in transaction volume, while that of offices and shops experienced decreases of 10% and 9%, respectively. The broader economic uncertainty weighed heavily on investment sentiment. Intensified geopolitical tensions and the prevalence of cross-border consumption affecting the operations of all industries further dampened buyers’ appetite for non-residential property investments. Many potential investors remained cautious, opting to hold off on major purchases amidst the volatile market conditions.

Secondly, the elevated interest rate environment coupled with the banks’ extremely cautious attitude on non-residential property loan approval continued to discourage investment activities across the non-residential property sectors. The two interest rate cuts by the U.S. Federal Reserve in the final quarter of 2024 came too little and too late for non-residential property segment. Making the situation worse was the persistent decline in rent. High borrowing costs coupled with the drop in rental returns put tremendous amount of pressure on asset value.

Unlike the residential property market, which has benefitted from a significant influx of Mainland Chinese buyers following the complete removal of tightening measures, the industrial, office, and shop markets did not see notable increase of demand driven by the policy change. It was not until the final quarter of 2024 that the market showed signs of moderate improvement, as the reductions in interest rate helped revive transaction activity slightly across the aforesaid three sub-segments of the non-residential market. However, the overall sales performance for the year 2024 remained lacklustre as compared with that in the pre-pandemic era.

Other Sources of Income – Property Leasing Business Outperformed

The property investment segment (daily operations) and credit business segment continued to make contributions to the Group’s results, stabilising the Group’s overall performance.

The Group’s property leasing business outperformed in 2024, recording gains in both revenue and profit from its operations (excluding fair value loss on investment properties and gain on disposal of subsidiary). The occupancy rate of the investment portfolio stayed high. The Group’s serviced apartment business registered high occupancy rates and slight rental income gains in 2024, mainly due to the strong demand for rental housing in Hong Kong. Notably, the commercial property portion of the investment portfolio also showed improvements in performance despite the poor market conditions – a mark of the outstanding planning of the property management team of the Group.

In 2024, the operating environment for the Group's credit business was challenging. Firstly, interest rates stayed elevated for most of the year, which narrowed the profit margin. Secondly, competition has heightened after the relaxation of mortgage lending restrictions. In general, the quality of prospective loan cases in the market has deteriorated.

However, the Group has always adhered to a prudent credit policy and has not compromised on safety margins for riskier business. Despite the difficult market environment, the Group's credit business remained profitable in 2024. That said, the overall loan size shrank as the amount of new loans could not fully offset that of the repayments.

Economic Outlook is Fraught with Thorns and Difficulties

The Hong Kong government is facing significant fiscal challenges. In the 2024-25 financial year, the budget deficit will be huge. This is largely due to the depressed asset market and slowing global economy, which have impacted key revenue sources of the government such as land sales, profits tax, and property transactions.

Boldly Forging Ahead

Despite the market headwinds, there are emerging causes for optimism for the Hong Kong economy. Firstly, the hike in U.S. tariffs on imports from China looks modest compared with the level threatened during the U.S. 2024 presidential election campaign. This is a promising sign that a full-blown trade war may be avoided.

The Hong Kong stock market had a strong performance in 2024, paving the way for around 80 new listings, which are expected to raise up to HK\$130 billion to HK\$150 billion in 2025, according to Deloitte China. This robust IPO market could help reinforce Hong Kong's status as a leading international financial centre. Moreover, the new measures announced at the recent budget such as the optimisation of the thresholds for dual primary listing and secondary listing and the establishment of a dedicated "technology enterprises channel" to facilitate the relevant companies in preparing for listing applications are also expected to provide further support. More encouragingly, the government has announced the suspension of the sales of commercial sites. This measure is believed to alleviate the oversupply problem of office premises and help stabilise their prices and rents.

Furthermore, the Hong Kong government has been actively promoting mega events and attractions to draw in more tourists. The opening of the new Kai Tak Sports Park is one example – this is Hong Kong's largest sports and entertainment infrastructure project to date. In addition to hosting a number of major sports events, renowned superstars and popular artists will also be holding high-profile concerts at the new venue, which perhaps could spawn a "concert economy" to revitalise the tourism sector. In addition, the central government's decision to resume and expand the multiple-entry Individual Visit Scheme for Shenzhen residents is expected to significantly increase the number of eligible visitors to over 10 million. This new policy is anticipated to provide a major boost to Hong Kong's economic recovery, particularly for the tourism, retail, and catering industries, by enabling Shenzhen residents to visit the city more conveniently and frequently. Indeed, in January 2025, the number of visitors to Hong Kong reached 4.74 million, with around 3.73 million from Mainland China, which was a new high since the pandemic.

A buoyant IPO market, and the government's efforts to revive tourism can be seen as an indication that Hong Kong's economy may be poised for a turnaround in the coming years, despite the recent challenges.

Overall, a combination of factors points to potential support for Hong Kong's non-residential property market. The office sector is likely to benefit from improved sentiment in the IPO market while the shops sector will turn more active amid the resurgence of consumer spending from Mainland Chinese tourists, and the industrial sector may see slight increase in activities if interest rates continue to fall.

Boost Cross-platform Collaborative Opportunities

The non-residential market has experienced a prolonged downturn. To explore business opportunities, the Group is determined to change and promote synergies between its sales operations and those of the relevant members of the Midland Group, a group of companies related to the Company. It also aims to strengthen the mutual tie with the non-residential property division of Midland Group's Mainland China operation, while increasing the pace of rejuvenation of the sales team.

Fully Geared Up to Raise Productivity

In 2024, non-residential property market transaction volume reached a 29-year low. The market has already eliminated a batch of competitors, and if the market continues to be sluggish, it is believed that more competitors will scale back. If we continue to recruit more personnel and implement a strategy of rejuvenation, when the market bounces back, our productivity will be enhanced. Besides, estate agents' roles have become increasingly critical, with vendors eager to sell and landlords striving to fill vacancies. This heightened demand has raised the reliance of our clients on professional agency services.

The Group believes that "the worst will gradually be over" for the non-residential sector. In fact, the monthly transaction volume of commercial properties has already shown an uptick towards the end of 2024, with several big-ticket transactions taking place, mainly driven by user demand. One of the major reasons for the improvement is that commercial property prices have fallen significantly, reaching an attractive level for many buyers. According to Rating and Valuation Department, property prices for industrial units, office premises and shops have stumbled 28% to 44% from their peaks. Market intelligence shows that some quality office units even recorded a price drop of 60 to 70%. In addition, property prices in some non-core commercial districts have fallen to a level implying zero land cost, so they are not likely to fall sharply from the current level.

The Group also believes that due to the significant drop in prices from the peak, young buyers and non-traditional investors will find it an opportune time to go against the tide and enter the market. To help clients better understand market information, the Group will draw on the successful experience of Midland Group and aggressively develop its online platform. The Group will launch a brand-new website to make traditional, specialised non-residential property information more transparent and accessible online. This will assist young owners, buyers, and tenants in gaining a deeper understanding of this sector. At the same time, the Group will reinforce the business interaction between Midland IC&I and Midland Group, allowing clients to access a wider range of real estate listings through the frontline staff of the Group, including residential properties and properties in Mainland China.

APPRECIATION

I would like to express my sincere gratitude to our shareholders, customers, management, and staff for their resilience and ingenuity during these challenging times. Their dedication and innovative thinking have been instrumental in helping the Group navigate the persistent headwinds in the market.

WONG Kin Yip, Freddie
Chairman

Hong Kong, 31 March 2025

EXECUTIVE DIRECTORS

Mr. WONG Kin Yip, Freddie, aged 75, has been the Chairman and Executive Director of the Company since October 2019. He is also the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company.

Mr. WONG is responsible for the leadership of the Board, formulating and overseeing the overall corporate directions and corporate strategies of the Group, and driving the Board and the individual directors to perform to the best of their ability.

Mr. WONG established Midland Realty in 1973 and has over 51 years of experience in the real estate agency business in Hong Kong, China and overseas. He is a pioneer in the mortgage brokerage business and introduced mortgage referral services to Hong Kong. Mr. WONG is also the Chairman and Executive Director of Midland Holdings Limited ("Midland") (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange")). Mr. WONG is the Honorary Adviser of The Association of Hong Kong Professionals, and the chairman and permanent director of Midland Charitable Foundation Limited. In addition, Mr. WONG was a member of The Shenzhen Committee of the Chinese People's Political Consultative Conference, a member of the Estate Agents Authority in Hong Kong, a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region, and a vice president of The Association of Hong Kong Professionals.

Mr. WONG is a director of Luck Gain Holdings Limited and Wealth Builder Holdings Limited which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance. He is the father of Ms. WONG Ching Yi, Angela and Mr. WONG Alexander Yiu Ming, Executive Directors of the Company.

Ms. WONG Ching Yi, Angela, aged 44, has been an Executive Director of the Company since December 2011. She was an Executive Director of the Company from June 2007 to March 2008. She is also the Chairman of the Risk Committee of the Company.

Ms. WONG is responsible for formulating, overseeing and implementing the overall corporate strategies and policies as well as the corporate development and governance of the Group. She is also responsible for the overall management and sales operations of the Group, and oversees other functions ranging from finance, professional services, investor relations, information technology to corporate communications. Ms. WONG has solid experience in real estate industry and has been a key contributor to the growth and development of the Group. Ms. WONG is also an Executive Director of Midland. She is a director and the president of Midland Charitable Foundation Limited.

Ms. WONG is a fellow member of the Hong Kong Institute of Certified Public Accountants. She obtained a bachelor's degree in Business Administration (Accounting and Finance) from The University of Hong Kong and a Master of Business Administration degree from the HKUST Business School. She is the vice chairman of the Executive Committee of The Association of Hong Kong Professionals.

Ms. WONG is a director of Luck Gain Holdings Limited and Wealth Builder Holdings Limited which are substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance. She is the daughter of Mr. WONG Kin Yip, Freddie, the Chairman, Executive Director and controlling shareholder of the Company, and the sister of Mr. WONG Alexander Yiu Ming, an Executive Director of the Company.

Mr. LO Chin Ho, Tony, aged 62, has been an Executive Director of the Company since July 2021. He was the chief executive officer of the property agency business of the Group from July 2021 to December 2024. Mr. LO had been the director of the shops division of the property agency business of the Group prior to his appointment as the Executive Director of the Company. He joined the Group in 2001, and has over 32 years of experience in non-residential property agency industry, specialising in shops, in Hong Kong. He is a director of various members of the Group.

Mr. WONG Alexander Yiu Ming, aged 34, has been an Executive Director of the Company since August 2021. He is also a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Alexander WONG had been the Associate Director of a subsidiary of the Company prior to his appointment as the Executive Director of the Company. He joined the Group in January 2014. He established and is responsible for the money lending business of the Group and assists in the formulation and implementation of the property and bonds investment strategies as well as enhancing the value of the investment properties of the Group. Mr. Alexander WONG is a member of the Hong Kong Institute of Certified Public Accountants. He graduated from The University of Nottingham with a bachelor's degree in Finance, Accounting and Management. Prior to joining the Group, he worked for an international property agency. He is the son of Mr. WONG Kin Yip, Freddie, the Chairman, Executive Director and controlling shareholder of the Company, and the brother of Ms. WONG Ching Yi, Angela, an Executive Director of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SHA Pau, Eric, aged 67, has been an Independent Non-Executive Director of the Company since March 2006. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company.

Mr. SHA is the founder and is currently the managing director of Konda Industries Limited, a special leather goods manufacturing and exporting firm. He has over 39 years of solid experience in international marketing field and specialises in corporate strategy formulation, overall management and marketing. Mr. SHA holds a bachelor's degree in arts from the University of Windsor, Ontario, Canada.

Mr. WONG Chung Kwong, aged 74, has been an Independent Non-Executive Director of the Company since July 2021. He is also a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. WONG has been in the local and mainland real estate markets for over 50 years and has solid experience in property mergers and acquisitions, property investment and asset management. Mr. WONG had worked in property development and management companies in Hong Kong and mainland. Mr. WONG was an executive director of CSI Properties Limited from April 2010 to August 2016 (a company listed on the Main Board of the Stock Exchange). Mr. WONG is currently a senior consultant in Wang On Properties Limited (a company listed on the Main Board of the Stock Exchange).

Mr. LI Wai Keung, aged 68, has been an Independent Non-Executive Director of the Company since March 2022. He is also the Chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. LI has more than 46 years of experience in financial management. Mr. LI graduated from the Hong Kong Polytechnic and holds a Master's degree in Business Administration from the University of East Asia, Macau (currently known as the University of Macau). He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. LI was a standing member of the 12th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference and is currently the honorary president and director of Hong Kong Business Accountants Association, a member of China Overseas Friendship Association, and an advisor of Management Accounting of the Ministry of Finance, The People's Republic of China. He was also the former chairman of the Council of the Hong Kong Chinese Orchestra Limited.

Mr. LI is an executive director of Hans Group Holdings Limited (formerly known as Hans Energy Company Limited) since his re-designation from an independent non-executive director to an executive director on 31 July 2024. He is also an independent non-executive director of Shenzhen Investment Limited, Centenary United Holdings Limited and China South City Holdings Limited. The aforesaid companies are listed on the Main Board of the Stock Exchange.

Mr. LI was an executive director and chief financial officer of GDH Limited until his resignation effective from 27 June 2019 and 31 December 2019 respectively. He was also an executive director of Guangdong Land Holdings Limited and a non-executive director of Guangdong Investment Limited until his resignation effective from 20 February 2020 and 28 March 2020 respectively (both companies are listed on the Main Board of the Stock Exchange). Mr. LI had worked for Henderson Land Development Company Limited (a company listed on the Main Board of the Stock Exchange).

The board (the “Board”) of the directors of the Company (collectively the “Directors”, each a “Director”) recognises that sound and effective corporate governance practices and procedures, with an emphasis on integrity, transparency, accountability and independence, are essential to enhance the shareholders’ value and safeguard the shareholders’ interest. The Company is committed to maintaining a good corporate governance standard and endeavors to ensure that its businesses are conducted in accordance with all applicable rules and regulations.

CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in the Corporate Governance Code (the “Code”) stated in Appendix C1 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the year ended 31 December 2024.

BOARD OF DIRECTORS

(i) Board Responsibilities and Delegation

The Board is responsible for the management of the Company, which includes, inter alia, formulating business strategies, directing and supervising the Company’s affairs, approving interim and annual reports, announcements of interim and annual results, considering dividend policy, and approving the grant of share options or any change in the capital structure or notifiable transactions of the Company.

The daily management, administration and operation of the Group are delegated to the management of the Company. The Board gives clear directions to the management as to its powers and circumstances in which the management shall report to the Board.

All the Directors have full and timely access to all relevant information and have access to the advice and services of the Company Secretary of the Company, with a view to ensuring that all proper Board procedures, applicable rules and regulations are followed.

The Company recognises the importance of Board independence in upholding good corporate governance and has in place a written mechanism for ensuring independent views and input are available to the Board. Such mechanism aims to ensure that the Directors may seek independent legal, financial or other professional advice from advisors independent of those advising the Company as and when necessary in appropriate circumstances so as to enable them to discharge their responsibilities, either on the Company’s affairs or in respect of their fiduciary duties or other duties, at the Company’s expense. The Company has established channels through formal and informal means whereby Independent Non-Executive Directors could express their views in an open, candid and confidential manner, should circumstances require. These include dedicated meeting sessions between the Chairman of the Board and the Independent Non-Executive Directors, and interaction between management and other Board members including the Chairman of the Board outside the boardroom. The Board has reviewed and is satisfied with the implementation and effectiveness of such mechanism.

The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate activities. The insurance coverage is reviewed regularly.

(ii) Board Composition

The Board currently comprises seven Directors with four Executive Directors and three Independent Non-Executive Directors. As at the date of this Annual Report, the composition of the Board is set out as follows:

Executive Directors

Mr. WONG Kin Yip, Freddie (*Chairman*)
Ms. WONG Ching Yi, Angela
Mr. LO Chin Ho, Tony
Mr. WONG Alexander Yiu Ming

Independent Non-Executive Directors

Mr. SHA Pau, Eric
Mr. WONG Chung Kwong
Mr. LI Wai Keung

BOARD OF DIRECTORS (Continued)**(ii) Board Composition (Continued)**

Save and except Mr. WONG Kin Yip, Freddie is the father of Ms. WONG Ching Yi, Angela and Mr. WONG Alexander Yiu Ming, and Ms. WONG Ching Yi, Angela is the sister of Mr. WONG Alexander Yiu Ming, none of the members of the Board are related to one another. The biographical details of the Directors are set out in the section "Profile of Directors" on pages 8 to 10 of this Annual Report.

Taking into account the knowledge, expertise and experience of the Directors, the Board considers that the Directors have balanced skills, experience and diversity of perspectives appropriate to the business and development of the Group.

(iii) Chairman and Chief Executive Officer

The roles of Chairman and Chief Executive Officer of the Company are separated.

Mr. WONG Kin Yip, Freddie is the Chairman of the Company. The Chairman of the Company leads the Board and is responsible for ensuring that the Board functions effectively and acts in the best interests of the Company.

All other Executive Directors (except the Chairman) take up the role of chief executive officer of the Company, and are responsible for formulating the corporate and business strategies and development, and the implementation of strategies and policies to achieve the overall objectives of the Group.

(iv) Board Meetings and Directors' Attendance

During the year ended 31 December 2024, the Board held five meetings to discuss and approve, inter alia, the interim and annual results and other significant issues of the Group. At least 14 days' notice of regular Board meetings is given to the Directors who are given the opportunity to include other matters in the agenda of meetings. Individual attendance records of each of the Directors at the respective meetings of the Board and Board committees and general meetings are set out on page 17 of this Annual Report.

(v) Non-Executive Directors

Mr. SHA Pau, Eric, Mr. WONG Chung Kwong and Mr. LI Wai Keung, all the Independent Non-Executive Directors, have been appointed for a specific term of one and a half years. They are all subject to retirement by rotation and shall be eligible for re-election at the Company's annual general meeting at least once every three years in accordance with the articles of association of the Company.

Throughout the year ended 31 December 2024 and up to the date of this Annual Report, the Board has at all times met the requirements under Rule 3.10 of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise and the requirements under Rule 3.10A of the Listing Rules relating to the appointment of the independent non-executive directors representing at least one-third of the board. The Board has received from each Independent Non-Executive Director an annual written confirmation of his independence and considered that all the Independent Non-Executive Directors are independent in accordance with Rule 3.13 of the Listing Rules.

(vi) Nomination, Appointment and Re-election of Directors

All new appointment of Directors and nomination of Directors proposed for re-election at the annual general meeting are first considered by the Nomination Committee in accordance with the nomination policy of the Company. The Nomination Committee will assess the candidate or incumbent on criteria such as experience, skills, knowledge and time commitment to carry out the duties and responsibilities of Director. The recommendations of the Nomination Committee will then be put to the Board for decision. Details of the role and function as well as a summary of the work performed by the Nomination Committee are set out under the heading of "Nomination Committee" below.

BOARD OF DIRECTORS (Continued)

(vi) Nomination, Appointment and Re-election of Directors (Continued)

In accordance with the Company's articles of association, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation but are eligible for re-election by shareholders at the annual general meeting provided that every Director is subject to retirement by rotation at least once every three years. If an Independent Non-Executive Director has served more than nine years, his further appointment should be subject to a separate resolution to be approved by the shareholders of the Company. All Directors appointed to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting and shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

(vii) Directors' Training

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide a comprehensive induction package comprising a summary of the responsibilities and liabilities of a director of a Hong Kong listed company, the Company's constitutional documents and a publication entitled "A Guide on Directors' Duties" issued by the Companies Registry to each newly appointed Director to ensure that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and other regulatory requirements.

The Company Secretarial Department of the Company reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the Directors and may provide them with written materials, where appropriate, as well as organises seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

During the year, the Directors received reading materials covering corporate governance and regulatory development. A summary of the record of training received by the current Directors during the year is as follows:

	Training on corporate governance, regulatory development and/or other relevant topics
<i>Executive Directors</i>	
Mr. WONG Kin Yip, Freddie	✓
Ms. WONG Ching Yi, Angela	✓
Mr. LO Chin Ho, Tony	✓
Mr. WONG Alexander Yiu Ming	✓
<i>Independent Non-Executive Directors</i>	
Mr. SHA Pau, Eric	✓
Mr. WONG Chung Kwong	✓
Mr. LI Wai Keung	✓

BOARD COMMITTEES

The Board has established Board committees, including the Executive Committee, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Committee, for overseeing the respective aspects of the Group's affairs.

The Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice at the Company's expense in appropriate circumstances.

(i) Executive Committee

The Executive Committee mainly operates as a general management committee with delegated authority from the Board. It has the authority delegated by the Board to approve matters relating to the daily operations and management and business affairs of the Group. The Board reserves the power to make broad policy decisions and approve important corporate actions. As at the date of this Annual Report, the Executive Committee comprises four members, namely Mr. WONG Kin Yip, Freddie, Ms. WONG Ching Yi, Angela, Mr. LO Chin Ho, Tony and Mr. WONG Alexander Yiu Ming, all being the Executive Directors.

(ii) Audit Committee

As at the date of this Annual Report, the Audit Committee is chaired by Mr. LI Wai Keung, with two other members, namely Mr. SHA Pau, Eric and Mr. WONG Chung Kwong, all being the Independent Non-Executive Directors. In compliance with Rule 3.10(2) of the Listing Rules, at least one of the members of the Audit Committee possesses the appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee is mainly responsible for, inter alia, reviewing the Group's financial statements including the interim and annual results and reports, the effectiveness of the Group's financial controls and internal control system and reviewing the Group's financial and accounting policies and practices. The Audit Committee makes recommendation to the Board on the selection and remuneration of the external auditor, and reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The written terms of reference of the Audit Committee setting out its roles and responsibilities are published on the websites of the Company and the Stock Exchange.

During the year, two Audit Committee meetings were held to review the interim and annual reports with relevant announcements and financial statements, consider the report from PricewaterhouseCoopers on the annual audit of the financial statements, review the audit strategy, work scope, quality, fees and terms of engagement for audit and non-audit services from the external auditor and assess its independence, recommend the re-appointment of PricewaterhouseCoopers as the auditor based on its review and assessment, review the internal audit reports and the reports on risk management and monitor the implementation of the recommended actions as well as the effectiveness of the internal control and risk management systems, approve the internal audit plan, and review the continuing connected transactions and the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions as well as those relating to the environmental, social and governance of the Group. External auditor of the Company were invited to attend and discuss at the Audit Committee meetings. There was no disagreement between the Board and the Audit Committee regarding the re-appointment of the external auditor of the Company.

For the year ended 31 December 2024, the Company had in place arrangement for stakeholders of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters and the whistleblowing policy.

BOARD COMMITTEES (Continued)**(iii) Remuneration Committee**

As at the date of this Annual Report, the Remuneration Committee is chaired by Mr. LI Wai Keung, being an Independent Non-Executive Director, with four other members, namely Mr. WONG Kin Yip, Freddie, Mr. WONG Alexander Yiu Ming, Mr. SHA Pau, Eric and Mr. WONG Chung Kwong. Majority of the Remuneration Committee members are Independent Non-Executive Directors.

The Remuneration Committee is mainly responsible for, inter alia, reviewing and recommending the remuneration packages of individual Executive Directors and senior management of the Company and recommending the remuneration of the Non-Executive Directors (including Independent Non-Executive Directors) to the Board for approval, and reviewing the remuneration policy for Directors from time to time. The written terms of reference of the Remuneration Committee setting out its roles and responsibilities are published on the websites of the Company and the Stock Exchange.

The work of the Remuneration Committee during the year included reviewing and making recommendations on the remuneration packages of the Directors to the Board for approval, and reviewing the Group's overall remuneration. During the year, two Remuneration Committee meetings were held.

There was no matter relating to the share scheme of the Company that was reviewed and/or recommended to the Board by the Remuneration Committee during the year ended 31 December 2024.

The remuneration of the members of the senior management, being the Executive Directors, by band for the year ended 31 December 2024 is set out below:

Remuneration bands	Number of person(s)
HK\$1,000,001 – HK\$1,500,000	2
HK\$1,500,001 – HK\$2,000,000	–
HK\$3,000,001 – HK\$3,500,000	1
HK\$4,000,001 – HK\$4,500,000	1

Details of Directors' emoluments and other remuneration related matters and five highest paid individuals during the year are set out in note 9 to the consolidated financial statements on pages 94 to 96 of this Annual Report.

BOARD COMMITTEES (Continued)**(iv) Nomination Committee**

As at the date of this Annual Report, the Nomination Committee is chaired by Mr. WONG Kin Yip, Freddie, being an Executive Director and the Chairman of the Company, with four other members, namely Mr. WONG Alexander Yiu Ming, Mr. SHA Pau, Eric, Mr. WONG Chung Kwong and Mr. LI Wai Keung. Majority of the Nomination Committee members are Independent Non-Executive Directors.

The Nomination Committee is mainly responsible for, inter alia, formulating and reviewing the nomination policy, making recommendations to the Board on the nomination, appointment and re-appointment of Directors and Board succession, and assessing the independence of the Independent Non-Executive Directors. In order to achieve a balanced and appropriately qualified Board, the Nomination Committee is also responsible for reviewing the structure, size and composition, including the skills, knowledge, diversity and experience, of the Board, and advising the Board as to any changes that may be required. The Nomination Committee has the authority given by the Board to seek external professional advice in the selection and recommendation for directorship, if necessary, to fulfil the requirements for professional knowledge and industry experience of any proposed candidates. The written terms of reference of the Nomination Committee setting out its roles and responsibilities are published on the websites of the Company and the Stock Exchange.

The work of the Nomination Committee during the year included reviewing the structure, size and composition of the Board, assessing the independence of the Independent Non-Executive Directors, making recommendation to the Board on the re-election of the retiring Directors, reviewing the implementation and effectiveness of the board diversity policy and making recommendation to the Board for approval on the renewal of terms of appointment of Directors. During the year, one Nomination Committee meeting was held.

The Company has adopted a nomination policy which sets out the nomination procedures and process and selection criteria when the Nomination Committee considers candidates to be appointed or re-elected as Directors. The nomination procedures include identification of desirable candidates by the Nomination Committee, and review and approval of such nominations by the Board. The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorship: character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy; willingness to devote adequate time to discharge duties as a member of the Board; the Company's board diversity policy and any measurable objectives adopted for achieving diversity on the Board; requirement for the Board to have independent Directors in accordance with the Listing Rules; and such other perspectives appropriate to the Company's business or as suggested by the Board.

The Company recognises and embraces the benefits of having a diverse Board, and sees diversity at Board level as an essential element in maintaining a competitive advantage. As such, the Company adopted a board diversity policy in August 2013 and revised in December 2022. A diverse Board will include differences in the talents, skills, knowledge, regional, industry and professional experience, cultural and educational background, race, age, gender and other qualities of the members of the Board. Selection of candidates is based on a range of diversity perspectives and the Company's nomination policy. The ultimate decision is based on merit and contribution which would be brought by the candidates to the Board if he/she were selected as a Director. The Company maintained, and is committed to maintaining, a gender diversity with at least one female representative at Board level. The Company has six male directors and one female director. The Nomination Committee is of the view that the current composition of the Board has achieved the objectives set in the board diversity policy. The Board is satisfied with the review on the implementation and effectiveness of the board diversity policy.

Details on the gender ratio in the workforce (including senior management) of the Group, together with relevant data, are set out in the section "Environmental, Social and Governance Report" on page 39 of this Annual Report. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness.

BOARD COMMITTEES (Continued)

(v) Risk Committee

The Risk Committee was established on 1 January 2016 with written terms of reference published on the website of the Company. The Risk Committee is chaired by Ms. WONG Ching Yi, Angela, an Executive Director, with three other members, being the Chief Legal Counsel, the Chief Financial Officer and the head of the Internal Audit Department.

The Risk Committee held two meetings in 2024. During the year, the Risk Committee received reports on the results of the review of the risk management system and framework, discussed the measures to manage those identified risks which may have significant impact to the Group, and reviewed the effectiveness of the risk management system and framework.

The principal role and responsibilities of the Risk Committee include reviewing the Group's risk management system and framework, advising the Board on the current risk exposures of the Group and future risk strategies and considering emerging risks relating to the Group's business and strategies.

ATTENDANCE RECORDS AT THE MEETINGS OF THE BOARD AND BOARD COMMITTEES AND GENERAL MEETINGS

The attendance records of the individual Directors at the meetings of the Board, the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Committee and the general meetings for the year ended 31 December 2024 are set out below:

Number of Meetings Attended/Eligible to Attend							
Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Risk Committee (Note)	Annual General Meeting	Extraordinary General Meetings
Executive Directors							
Mr. WONG Kin Yip, Freddie	5/5	N/A	2/2	1/1	N/A	1/1	2/2
Ms. WONG Ching Yi, Angela	5/5	N/A	N/A	N/A	2/2	1/1	2/2
Mr. LO Chin Ho, Tony	5/5	N/A	N/A	N/A	N/A	1/1	2/2
Mr. WONG Alexander Yiu Ming	5/5	N/A	2/2	1/1	N/A	1/1	2/2
Independent Non-Executive Directors							
Mr. SHA Pau, Eric	5/5	2/2	2/2	1/1	N/A	1/1	2/2
Mr. WONG Chung Kwong	5/5	2/2	2/2	1/1	N/A	1/1	2/2
Mr. LI Wai Keung	5/5	2/2	2/2	1/1	N/A	1/1	2/2

Note: Other members of the Risk Committee are not Directors.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules.

On specific enquiries made, all the Directors confirmed that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions at all applicable times during the year ended 31 December 2024.

DIRECTORS' INTERESTS

Details of Directors' interests in the shares, underlying shares and debentures of the Company and its associated corporations are set out in the "Report of the Directors" on pages 49 to 50 of this Annual Report.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparation of consolidated financial statements which give a true and fair view of the Group's state of affairs as at 31 December 2024 and of the Group's results and cash flows for the year ended 31 December 2024. In preparing the consolidated financial statements for the year ended 31 December 2024, the Directors selected suitable accounting policies and applied them consistently, and made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The reporting responsibilities of the independent auditor of the Company on the consolidated financial statements of the Group for the year ended 31 December 2024 are set out in the "Independent Auditor's Report" on pages 61 to 68 of this Annual Report.

CORPORATE GOVERNANCE FUNCTION

In order to achieve enhanced corporate governance of the Company, the Board has undertaken and delegated to the Executive Committee to constantly review the Company's policies (including the board diversity policy, mechanism to ensure independent view and input are available to the Board and the shareholders communication policy) and practices on corporate governance, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the code of conduct and compliance manual applicable to employees and the Directors, and the Company's compliance with the Code and disclosure in this Corporate Governance Report. During the year, the Executive Committee performed the duties relating to corporate governance matters as aforementioned.

AUDITOR'S REMUNERATION

The remuneration payable or paid to the Group's independent external auditor, PricewaterhouseCoopers, in respect of audit and non-audit services provided to the Group are as follows:

	2024 HK\$'000	2023 HK\$'000
Audit Services	1,467	1,367
Non-audit Services		
Interim results review	–	343
Taxation and other professional services	145	129
	145	472
	1,612	1,839

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibilities for maintaining effective risk management and internal control systems of the Group and determining the nature and extent of the risks it is willing to take in achieving the Group's objectives, and such systems are designed to manage rather than eliminate those risks, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Risk Committee assists the Board in deciding the Group's risk level and risk appetite, considering the Group's risk management strategies and giving guidelines where appropriate, and ensuring the soundness and effectiveness of the Group's risk management system. The risk management process involves identification, analysis, evaluation, mitigation, reporting and monitoring of risks.

The Group's internal control system comprises, among others, a well-defined governance structure with clearly defined lines of responsibility and authority and relevant financial, operational and compliance controls, and risk management procedures are in place. The Executive Directors review monthly management reports and hold periodical meetings with senior operational and finance management to discuss business performance and market outlooks.

The Internal Audit Department of the Company reports directly to the Audit Committee and is independent of the Company's daily operation. It is responsible for conducting regular audit on the major activities of the Group. Its objective is to ensure that all material controls, including financial, operational and compliance controls and risk management functions are in place and functioning effectively.

The risks which may have significant impact to the Group were identified from internal and external environments and were managed properly. An annual review of the internal control and risk management systems of the Group for the year ended 31 December 2024 was conducted, and report on the results of the review and opinion were submitted to the Audit Committee and the Risk Committee. The Audit Committee and the Risk Committee reviewed the reports and followed up on the implementation of the action plan, and reported to the Board.

Based on the reports from the Audit Committee and the Risk Committee, the Board is satisfied with the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2024 as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

INSIDE INFORMATION

The Company has established the Inside Information Team to identify, assess and escalate potentially inside information for the attention of the Board and monitor the Group's disclosure obligations in respect of inside information. Policy and Procedures on Disclosure of Inside Information are adopted which set out the guidelines and controls to ensure the inside information can be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations.

COMPANY SECRETARY

The Company engages an external service provider to provide company secretarial services and has appointed Ms. MUI Ngar May, Joel ("Ms. MUI") as its Company Secretary. Ms. MUI is not an employee of the Group and Mr. SZE Ka Ming, the Chief Financial Officer of the Company, is the person whom Ms. MUI can contact for the purpose of code provision C.6.1 of the Code. Ms. MUI undertook over 15 hours of professional training during the year.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company is committed to ensuring that the Group comply with disclosure obligations under the Listing Rules and other applicable laws and regulations, and that shareholders of the Company and other stakeholders (including potential investors) are provided with balanced and relevant information about the Company. The shareholders' communication policy of the Company is reviewed by the Board annually. It aims to promote effective communication with the shareholders and other stakeholders of the Company, encourage shareholders to engage actively with the Company, and enable shareholders to exercise their rights as shareholders effectively.

The Company shall publish its corporate communication which includes annual and interim reports, circulars, announcements and other documents, on the Stock Exchange's designated website in a timely manner as required by the Listing Rules. To foster effective communications with shareholders and investors, the Company maintains a website at www.legendupstarholdings.com where any information or documents of the Company posted on the Stock Exchange's designated website shall also be published on the Company's website. Other corporate information of the Company is also available on the Company's website.

The Company provides an opportunity for its shareholders to seek clarification and to obtain a better understanding of the Group's performance in general meetings of the Company. The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend, speak and vote at the meetings for and on their behalf if they are unable to attend the meetings. The Chairman of the Board, other Board members, the chairmen of the Board committees and/or their delegates attend the annual general meeting and extraordinary general meeting (if any) to answer shareholders' questions. The external auditor of the Company is also required to attend the annual general meeting to answer questions about the conduct of audit, the preparation and content of the auditor's report, the accounting policies and auditor independence. The Company shall provide shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s). At the general meeting, each substantial issue will be considered by a separate resolution, including the re-election of individual retiring Directors, and the poll procedures will be clearly explained.

Pursuant to the Listing Rules, voting by poll is mandatory on all resolutions (except resolutions relate purely to procedural or administrative matters) put forward at general meetings and the poll results will be posted on the websites of the Stock Exchange and the Company. The Company would ensure that shareholders will be given sufficient notice of the general meetings, at least 21 clear days' notice in the case of annual general meeting and any extraordinary general meeting at which the passing of a special resolution is to be considered and at least 14 clear days' notice in the case of all other extraordinary general meetings in accordance with the articles of association of the Company.

The 2024 annual general meeting of the Company was held on 20 June 2024. At the meeting, separate resolution was proposed by the chairman of the meeting in respect of each separate issue, including the re-election of individual retiring Directors, and voted by way of poll. The Company announced the results of the poll in the manner prescribed under the Listing Rules. The Chairman of the Board and other Board members as well as the representative of PricewaterhouseCoopers attended the 2024 annual general meeting and had effective communication with shareholders of the Company.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS (Continued)

The Company has held two extraordinary general meetings on 17 January 2024 and 16 August 2024 respectively. At the meeting held on 17 January 2024, an ordinary resolution was proposed by the chairman of the meeting to approve the Cross Referral Services Framework Agreement (2023), the transactions and the proposed annual caps contemplated thereunder (details of which were set out in the notice of the meeting and the circular of the Company dated 22 December 2023). At the meeting held on 16 August 2024, an ordinary resolution was proposed by the chairman of the meeting to approve the revised annual caps for the relevant transactions contemplated under the Cross Referral Services Framework Agreement (2023) (details of which were set out in the notice of the meeting and the circular of the Company dated 23 July 2024). All the resolutions proposed at the above meetings were voted by way of poll by the independent shareholders of the Company. The Company announced the poll results in the manner prescribed under the Listing Rules. The Chairman of the Board and all Board members attended the aforementioned meetings and had effective communication with shareholders of the Company.

Having considered the multiple channels of communication and engagement in place, the Board conducted a review of the implementation and effectiveness of the shareholders' communication policy and is satisfied that such policy has been properly implemented during the year and is effective.

During the year, there were no changes to the memorandum and articles of association of the Company.

SHAREHOLDERS' RIGHTS

(i) Procedures for Shareholders to Convene an Extraordinary General Meeting ("EGM")

The Board shall, at all times, on the requisition in writing to the Board or the Company Secretary of the Company by one or more 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 (the "Eligible Shareholder(s)"), forthwith proceed to convene an EGM in accordance with the articles of association of the Company.

If within 21 days of such deposit, the Board fails to proceed to convene such EGM, the requisitionist(s) himself/herself/themselves may do so in accordance with the articles of association of the Company, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

(ii) Procedures for Putting Forward Proposals at EGM

Eligible Shareholders who wish to require an EGM to be called by the Board for the purpose of making proposals at the EGM must deposit a written requisition (the "Requisition") signed by the Eligible Shareholder(s) concerned to the principal office of the Company in Hong Kong at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong for the attention of "Manager, Company Secretarial Department".

The Requisition must state clearly the name(s) of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda of the EGM including the details of the business(es) proposed to be transacted at the EGM, and signed by the Eligible Shareholder(s) concerned.

SHAREHOLDERS' RIGHTS (Continued)

(ii) Procedures for Putting Forward Proposals at EGM (Continued)

The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholder(s) will be verified with the Company's Hong Kong branch share registrar. If the Requisition is found to be proper and in order, the Board will convene an EGM within two months and/or include the proposal(s) or the resolution(s) proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not convene an EGM and/or include the proposal(s) or the resolution(s) proposed by the Eligible Shareholder at the EGM.

The procedures for a shareholder of the Company to propose a person for election as a Director is posted on the website of the Company.

(iii) Shareholders' Enquiries

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited. Shareholders and the investment community may during office hours make a request for the Company's information to the extent that such information is publicly available. Shareholders may also send to the Company written enquiries and their views on various matters affecting the Company for the attention of the Company Secretary or the Investors Relations Department by post at Rooms 2505-8, 25th Floor, World-Wide House, 19 Des Voeux Road Central, Hong Kong, or by email at investor@midlandici.com.hk.

Participation in the Mid-Autumn Festival Charitable Event with Lok Sin Tong

The Group has always been committed to giving back to society and encourages colleagues to engage in volunteer services. The Group collaborated with The Lok Sin Tong Benevolent Society Kowloon to host the Mid-Autumn Festival Charitable Event, where our volunteers delivered gifts and well-wishes to grassroots and elderly families, celebrating both National Day and the Mid-Autumn Festival together.



Receiving “Caring Company” Award for 18 Consecutive Years

The Group has actively participated in various charitable activities over the years, thereby receiving the “Caring Company” logo by The Hong Kong Council of Social Service for 18 consecutive years in recognition of the Group’s outstanding achievements in caring for the community.



Receiving the “Partner Employer Award” for the Twelve Consecutive Years

The Group received the “Partner Employer Award” granted by The Hong Kong General Chamber of Small and Medium Business for twelve consecutive years, which is to commend the Group for actively helping different people in society to seek employment and providing them with internship opportunities, thus contributing to society.



Caring for Employees and Enhancing the Sense of Belonging

The Group believes that employees are the most valuable asset of an organization. To facilitate a positive and healthy work environment, the company participated in the “Happy Workplace” program organized by the Hong Kong Happiness Index Foundation and implemented by The Chinese Manufacturers’ Association of Hong Kong. Through systematic corporate care strategies, we aim to enhance employees’ sense of belonging, further putting our “people-oriented” core values into practice.



Honoring the “Good Employer Charter” to Build a Family-Friendly Workplace

The Group regards employees as vital partners. It actively responded to the Labour Department’s “Good Employer Charter”, adopting the theme of “Supportive Family-friendly Good Employer” to comprehensively implement its employee-centric management policies. We are committed to fostering a more inclusive and supportive work environment.



ABOUT THIS REPORT

Reporting Standards

The Company is pleased to publish its Environmental, Social and Governance (“ESG”) Report which is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix C2 to the Listing Rules.

Reporting Principles

This report is prepared in accordance with the four reporting principles stated in the Guide:

- **Materiality:** Stakeholder engagement and materiality review is conducted to ensure that the ESG issues identified remain relevant and material to our business operations and stakeholders.
- **Quantitative:** Quantitative metrics are collected and regularly monitored to review the progress of our ESG initiatives.
- **Balance:** This report highlights both the achievement and improvement areas of our ESG management to show an unbiased picture of our ESG performance.
- **Consistency:** Consistent methodologies are adopted for meaningful comparison of our ESG performance. Remarks are provided in case of any change in data compilation methodologies and scope.

Reporting Scope and Boundary

Unless otherwise specified, this report covers the period from 1 January 2024 to 31 December 2024. It encapsulates the ESG performance and initiatives of our non-residential property agency services in respect of commercial and industrial properties and shops in Hong Kong.

There were no significant changes from the previous reporting year in the reporting scope and boundary of this report.

Feedback Mechanism

We welcome and value the feedback from our stakeholders to continuously improve our ESG management and performance. Please feel free to share your views and thoughts with us at esg@midlandici.com.hk.

OUR ESG MANAGEMENT

ESG Management

As a responsible corporate citizen, the Group recognises the importance of establishing a robust governance structure to ensure our business operations are operating in an ethical and sustainable manner.

We continue to optimise our corporate governance strategies and policies to increasingly incorporate sustainability considerations in the way we grow and develop. We have established a set of policies to embed ESG management into our daily operations. These policies cover ESG aspects including environmental management, green procurement practice and service responsibility, reinforcing our commitment to integrating ESG factors in our business operations.

OUR ESG MANAGEMENT (Continued)

Board Statement

The Board acknowledges the significance of effective sustainability practices and are actively integrating ESG systems in key business decisions. The Board is ultimately responsible for formulating and overseeing our ESG strategy, reporting and management approach to monitor ESG issues.

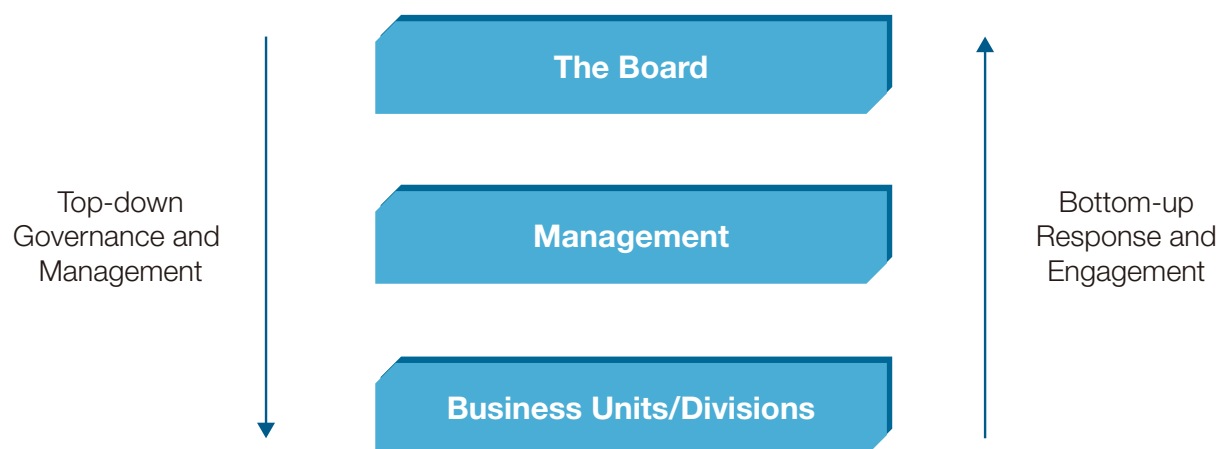
The Board regularly evaluates and determines our ESG related risks and ensures that appropriate and effective ESG risk management and internal control systems are in place. The Board has regular meetings and discussions on the effectiveness of these systems as well as progress made against relevant ESG-related goals and targets during the reporting year. Management is taking steps to review and monitor the Group's greenhouse gas emissions and setting sustainability targets to ensure that we operate our business in an environmentally and socially responsible model while generating strong returns for our shareholders.

Sustainability Governance

To systematically consolidate the sustainability concept of the Group, the Group establishes a governance structure on sustainable development in order to promote the implementation of ESG governance works in an orderly manner. The Board, as stewards of ESG management of the Group, is ultimately accountable for the performance of ESG-related issues through establishing goals and targets and reviewing the performance on a regular basis. The Board provides oversight of the risk management framework and sustainability strategy in achieving long-term sustainability goals and promoting a sustainable development culture at all levels.

Management directly reports to the Board and is responsible for initiating, driving, and monitoring sustainability policies and practices. Management strives to maintain effective communication with the Board to provide constructive recommendations regarding the emerging ESG trend and industrial best practices, improving the Group's resilience in addressing ESG issues. In alignment with the Group's ESG dedication, our management level ensures that sustainability elements are considered when proposing, designing and implementing new protocols and overseeing the implementation process through reviewing policies and gathering feedback from stakeholders.

ESG Governance Structure



OUR ESG MANAGEMENT (Continued)

Ethical Business Operation

We strive to uphold the highest level of business ethics and strictly prohibit and stand against any form of bribery, extortion, fraud, or corruption in our business operations. The Group adheres to applicable laws and regulations including the Prevention of Bribery Ordinance (Cap. 201). Internal policies and control mechanisms are in place to strengthen our management practices and prevent improper conduct and unethical behaviour. The Group has communicated our preventive measures on bribery and corruption to our employees, including guidelines regarding the acceptance and offer of advantages. Such anti-corruption materials are also available for the directors. Employees are also required to provide a conflict-of-interest declaration as one of our preventive measures. Detailed policies and guidance relating to anti-corruption and conflict of interest are stipulated in our Staff Handbook.

The Group is committed to providing training for our frontline and back-office staff to ensure a thorough understanding of the code of ethics and compliance requirements in the property agency industry. As a responsible and ethical business, we recognise the importance of upholding high standards of conduct and compliance. Our training programme is designed to equip our employees with the knowledge and skills necessary to adhere to the standards, maintain our reputation as a trustworthy organisation and benefit our customers. We provide training covering business ethics issues, such as code of ethics, anti-money laundering, discrimination ordinances and protection of personal data. In addition, to enhance employees' awareness of anti-corruption practices, we have arranged training for our frontline and back-office staff. The training course covers topics ranging from understanding anti-corruption laws and regulations to avoiding legal violations in our operation practices.

The Group strictly prohibits all employees, either directly or indirectly, from soliciting or receiving any gifts, rewards, or advantages from any business associates. The Group has established a Whistleblowing Policy and mechanism to allow our employees and stakeholders to raise concerns on any potential business misconduct and malpractice confidentially. The Whistleblowing Team was also set up to handle matters arising from whistleblower reports in an effective manner and further report to the Audit Committee. Depending on the nature and circumstance of the allegation, investigation procedures are followed accordingly.

The Group conforms to the Competition Ordinance (Cap. 619) and supports fair competition with our peer companies. We strictly prohibit our employees from engaging in anti-competitive behaviour, including cartels, market segregation, bid-rigging, and output restriction, as stated in the Staff Handbook. We also have guidelines on communication with competitors and customers to avoid involvement in any suspicious anti-competitive behaviour.

During the reporting year, the Group was not aware of any conviction against any member of the Group arising from the violation of laws or regulations against corruption, bribery, fraud, and money laundering.

OUR ESG MANAGEMENT (Continued)

Stakeholder Engagement and Materiality Assessment

To enhance our understanding of stakeholder's expectations and needs, as well as identifying material ESG issues and performance, we engaged in ongoing dialogues with our external and internal stakeholders through various channels during the reporting year:

Stakeholder Group	Engagement Channel
Management and Employees	<ul style="list-style-type: none"> • Townhall meeting • Monthly meetings • Intranet forum • Internal circulars • Grievance channels stated in Staff Handbook • Questionnaire
Investors	<ul style="list-style-type: none"> • Annual general meeting • Annual and interim reports • Corporate website • Investor circulars • Questionnaire
Suppliers	<ul style="list-style-type: none"> • Regular supplier review • Meetings
Customers	<ul style="list-style-type: none"> • Phone • Social media • Corporate website • Questionnaire
Community Partners/Non-governmental Organisations (NGOs)	<ul style="list-style-type: none"> • Community programme collaboration • Voluntary services
Media	<ul style="list-style-type: none"> • Press release • Press conference • Mobile application for communication

OUR ESG MANAGEMENT (Continued)

Stakeholder Engagement and Materiality Assessment (Continued)

To effectively manage ESG issues, we cautiously identify, analyse, and review the relevance of ESG issues to our business operations and stakeholders on a regular basis. The assessment helps to build the foundation for our ESG strategy and management approach. Through the step-by-step approach below, we identify and review the material ESG issues to our business operations:



OUR ESG MANAGEMENT (Continued)

Stakeholder Engagement and Materiality Assessment (Continued)

According to the stakeholder-based materiality assessment results, we conducted industry research and peer benchmarking during the reporting year to ensure that the list of ESG issues is material and relevant to our business and is in line with the industry's development and changes in the external environment. During the reporting year, we have reviewed the list of material ESG issues and confirmed that the material ESG issues identified last year remained relevant and applicable to us.

The following table lists the 16 material ESG issues and their corresponding sections in this report.

List of material issues	Corresponding section in this report
Anti-corruption and Ethical Business Operation	
• Anti-corruption	Ethical Business Operation
• Anti-competition	Ethical Business Operation
• Ethical business compliance	Ethical Business Operation
Product and Service Responsibility	
• Customer service and satisfaction	Product and Service Responsibility; Feedback Handling
• Advertising and labelling	Product and Service Responsibility
• Intellectual property rights	Product and Service Responsibility
• Customer data privacy and protection	Privacy and Data Protection
• Product responsibility compliance	Product and Service Responsibility
Employment and Labour Standards	
• Employee relationship	Employment Policy and Labour Standards
• Non-discrimination and diversity	Employment Policy and Labour Standards
• Occupational health and safety	Occupational Health and Safety
• Training and development	Training and Development
• Employment compliance	Employment Policy and Labour Standards
The Environment	
• Employee environmental awareness	Employee Environmental Awareness
• Environmental compliance	Environmental Management
Our Community	
• Community investment	Our Community

OUR CUSTOMERS

Product and Service Responsibility

The Group's customers mainly consist of property developers, property owners, property purchasers, landlords and tenants. As stipulated in our Product Responsibility Policy, we strive to provide the finest services to our customers in adherence with applicable laws and regulations including the Trade Descriptions Ordinance (Cap. 362), Residential Properties (First-hand Sales) Ordinance (Cap. 621) and Estate Agents Ordinance (Cap. 511). During the reporting year, there were no material non-compliance cases concluded relating to the aforementioned laws and regulations. We have a Product Responsibility Policy in place, which clearly stipulates our commitment to promoting customer experience, service reliability, customer health and safety and data privacy.

Through leveraging technological innovations and digital applications, we continuously make use of digital platforms including mobile applications and social media to enhance our customer's experience. To enhance the delivery of quality services, the Group has launched "VR Property Visit" and property introduction videos which allow customers to view their ideal properties.

To provide customers with accurate and complete information, the Group has adopted standardised procedures for advertising and labelling of products and services that align with the regulatory requirements of the target markets.

Moreover, irregular branch inspections are conducted to monitor service quality and identify any potential improvement areas. We also strive to protect intellectual property ("IP") rights by maintaining relevant standards and protocols when producing marketing materials and ensuring that we have the IP rights for the material that we use.

Privacy and Data Protection

We strongly emphasise data privacy protection and adhere to applicable laws and regulations relating to data privacy and protection including the Personal Data (Privacy) Ordinance (Cap. 486) when handling customer information. To safeguard our customer's data privacy, we have established the Customer Privacy and Data Protection Policy (the "Policy") that addresses the handling of our customer's data which are mainly stored in the form of contractual documents. The Policy is uploaded to the Company's intranet for staff's reference. During the reporting year, there were no material non-compliance cases concluded relating to the aforementioned laws and regulations.

Guided by the Policy, the Group adopts a wide array of measures to protect the personal data of our customers. Only authorised personnel are granted access to documents with personal information. Frontline staff are required to fill in a record form when they obtain and archive contractual documents for the client's service. Documents containing customers' personal information are organised and locked in designated locations to avoid information leakage. Sample checking on document storage is conducted annually to ensure that we are compliant with the Policy.

We also have strict control over the disposal of expired contractual documents. We appoint certified recyclers for appropriate handling of the disposed documents on a regular basis. Internal training is provided to our frontline staff to communicate our requirements and raise their awareness of data privacy protection.

Feedback Handling

We endeavour to continuously improve our customer's experience and satisfaction through communicating with them on a regular basis and listening to their concerns and feedback. The Group has formed a designated customer relationship team to handle customer feedback who are well-trained and skilled in handling customer enquiries and complaints. Customers can lodge their enquiries or complaints through various communication channels, including our customer hotline, email, mail and visitations. Once the complaint is received, the customer relationship team further investigates the feedback and works with relevant departments in a timely manner. A feasible solution is then developed for further discussion and agreement with the complainants. The results and follow-up actions taken are documented accordingly. During the reporting year, 10 service-related complaints were received and handled.

OUR EMPLOYEES

Employment Policy and Labour Standards

We believe that our employees are the key to our long-term business success. The Group adheres to the laws and regulations relating to employment and labour standards including the Employment Ordinance (Cap. 57), Employment of Children Regulations (Cap. 57B), Employment of Young Persons (Industry) Regulations (Cap. 57C), Employees' Compensation Ordinance (Cap. 282), Mandatory Provident Fund Schemes Ordinance (Cap. 485), Minimum Wage Ordinance (Cap. 608), Occupational Safety and Health Ordinance (Cap. 509) and the discrimination ordinances¹. During the reporting year, we observed no material non-compliance cases concluded regarding the aforementioned laws and regulations.

Going beyond legal compliance, we adopt a people-centric philosophy in our human resources strategy and policies to create a respectful, productive, and rewarding working environment for our employees. The Group's human resources policies have thus been established to stipulate relevant practices in recruitment, dismissal, promotion, working hours, holidays, equal opportunities, and compensation benefits. We also invest in our employees and aim to provide them with rewarding career paths so as to develop a diverse, industry-leading team. Fair recruitment and promotion processes are implemented based on factors such as experience and performance. Moreover, we provided our employees with competitive and rewarding remuneration package.

With businesses that highly depend on people, the Group is committed to embracing diversity as well as providing equal opportunity and a collaborative workplace. The Group strictly enforces an anti-discrimination policy and has zero tolerance for any form of harassment.

The Group endeavours to meet the needs of our employees by listening to their suggestions and feedback. Various platforms and mechanisms are available to facilitate open communication between management and employees. For instance, we have organised a Central Professional Units (CPU) townhall meeting regularly, and arranged a Q&A session for employees to interact with the management and further develop potential solutions in tackling the issues raised. Other communication channels are also available for our employees to voice their opinions, including monthly meetings for frontline and back-office staff of different ranks and positions via electronic means or otherwise. We also put in place internal grievance channels which are outlined in the Staff Handbook.

To create a harmonious workplace and extend our care to our employees, we set up the "Motivational Campaign" to organise employee activities and provide benefits to employees from time to time. During the reporting year, the Group organised a variety of events and festive activities for our employees to strengthen their sense of belonging and foster workplace collaboration. We also encourage our employees to participate in various sports events, which can enhance their physical well-being and strengthen team spirit.

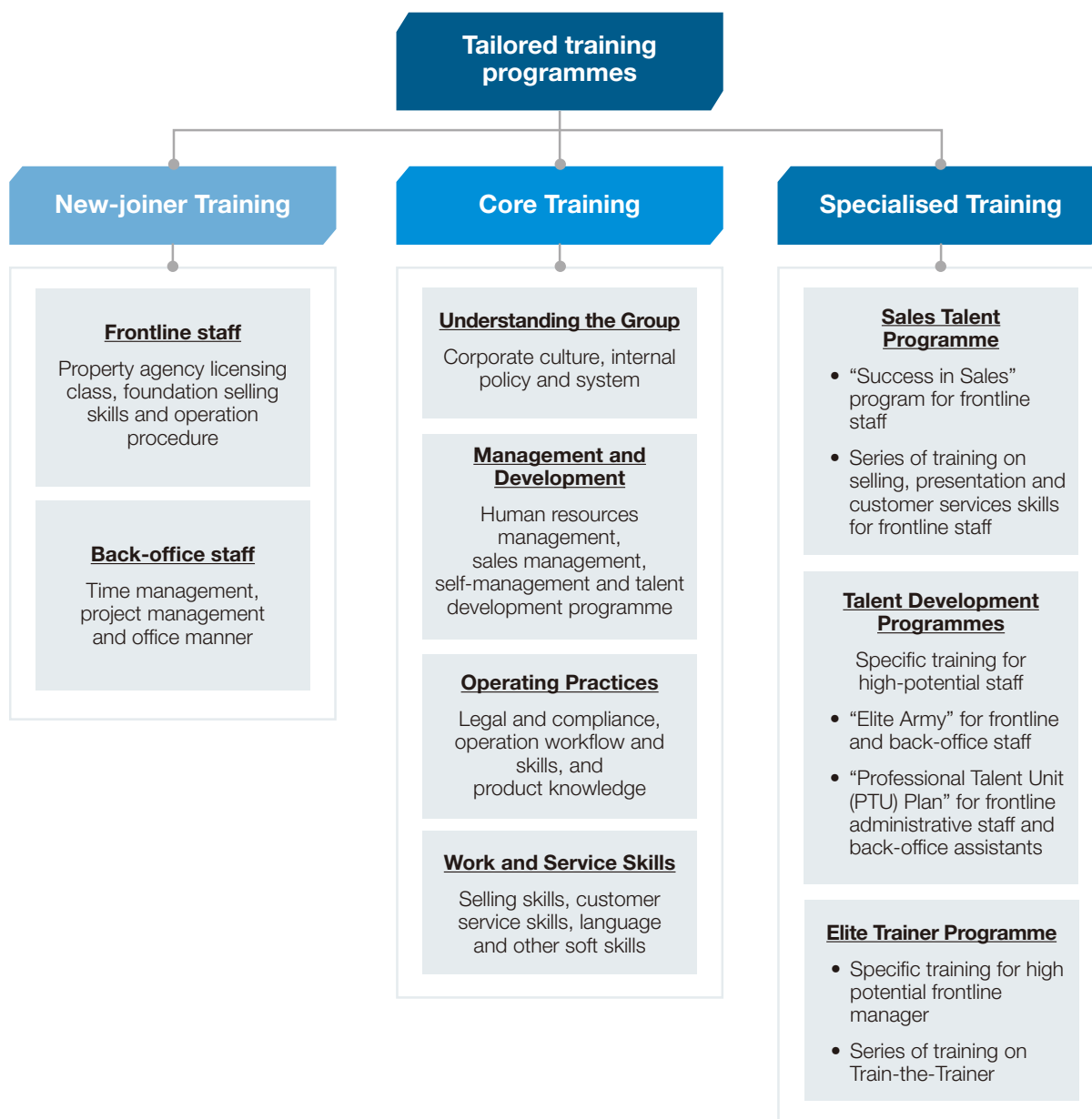
The Group commits to upholding human rights and strictly prohibits the use of child labour and forced labour as stated in our guidelines for employing new hires. In 2024, we did not discover such practices in our operations.

¹ Discrimination ordinances include Sex Discrimination Ordinance (Cap. 480), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527) and Race Discrimination Ordinance (Cap. 602).

OUR EMPLOYEES (Continued)

Training and Development

As our employees are the Group's greatest human capital, we make a significant effort to nurture them while also offering opportunities for professional and personal advancement. We have Midland University to deliver specific training that equip our employees with the skills and knowledge required in carrying out their daily operations. Based on the job nature and the rank of the employees, different training modules are built. For instance, we have tailored training programmes for both frontline and back-office staff respectively.



OUR EMPLOYEES (Continued)

Training and Development (Continued)

A digital learning management system was developed to give our employees the flexibility to receive training anytime and anywhere through a computer or electronic device. To facilitate better learning engagement, the system supports bite-sized learning as online courses are divided into shorter clips, which can be digested more effectively. Additionally, the system includes a live broadcasting function, allowing trainers to conduct real-time training sessions, engage with participants and address questions instantly. This feature enhances interactivity and fosters a collaborative learning environment. The system also supports a hybrid mode, enabling a blend of in-person and online training experiences, catering to diverse learning preferences. Overall, this digital learning management system allows the learning process to be easier, more effective, and easily accessible.

Apart from internal training programmes, we subsidise our staff to join external training courses, obtain professional certificates, and attend examinations. As such, our employees could keep pace with market benchmark and pursue professional development courses of their choice. This helps encourage employees to pursue new expertise and undertake life-long learning.

A total of 9 branches of the Group have obtained the "CPD Mark for Estate Agencies" issued by the Estate Agents Authority in 2024. We encourage our employees to enhance their knowledge through keen participation in CPD activities, a total of 6 branches of the Group have obtained the "Silver CPD Mark for Estate Agencies" in 2024.

To encourage our staff in search of excellence, we establish a clear career advancement path. Promotion criteria are clearly outlined in our Staff Handbook. The mid-year and annual appraisals are conducted to evaluate the employees' job performance based on various rating factors, including functional competencies, job quality and skills and behavioural competencies, based on their responsibility and job nature. Employees can discuss with their supervisor regarding the appraisal result and establish targets for the upcoming year. We also prioritise internal promotion of staff when there is a vacancy in a job position based on qualifications, job performance, competency and recommendations from the supervisor or management.

Occupational Health and Safety

The Group cares about employees' health and safety at work. We conform to the relevant occupational health and safety laws and regulations including the Occupational Safety and Health Ordinance (Cap. 509) and the Factories and Industrial Undertakings Ordinance (Cap. 59) in our operations. During the reporting year, we observed no material non-compliance cases concluded regarding the aforementioned laws and regulations.

The employees of the Group mainly comprise frontline and back-office staff, and various measures are carried out to enhance our employees' awareness of occupational health and safety issues that may arise from their job nature and working environment. For instance, we have disseminated occupational health and safety information on the Company's intranet. Information regarding the proper procedures of using various equipment in our offices and branches is provided to further educate our employees and prevent the occurrence of workplace injuries.

We place great emphasis on enhancing the indoor air quality of our branches and offices as it directly affects the health of our employees and the comfort level in the working environment. We have formulated the Indoor Air Quality Policy which includes a set of measures to promote indoor air quality in our workspace. We installed dust filters to reduce suspended particles from entering the ventilation systems. Moreover, we also clean and conduct regular inspection and maintenance of ventilation system equipment including fans, dust filters, ventilation ducts and air hoods.

During the three years ended 31 December 2024, there were no work-related fatality cases.

OUR ENVIRONMENT

Environmental Management

We recognise our role in minimising the adverse impacts that our operations may have on the environment. The Group strictly adheres to all applicable environmental laws and regulations including the Air Pollution Control Ordinance [Cap. 311], Water Pollution Control Ordinance [Cap. 358] and Waste Disposal Ordinance [Cap. 354]. As stipulated in our Environmental Policy, we are committed to better managing our environmental impacts and continuously incorporating environmental considerations into our decision-making process. We strive to protect the environment and lower our carbon footprint by conserving natural resources, reducing energy consumption, minimising, and recycling waste, but without compromising the quality of our products and services.

During the reporting year, we observed no material non-compliance cases concluded regarding air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Climate Change and Energy Conservation

The Group is mindful of the adverse impacts caused by climate change on our business operations, the business community and overall society. The Group recognises our contribution to greenhouse gas emissions and strives to lower our carbon footprint by identifying opportunities to decarbonise our daily operations. We are taking steps in setting our sustainability targets. Committed to reducing air emissions, we have introduced and actively applied emission control measures in our operations. For example, we encourage our employees to replace business trips with alternative options, including telephone calls, video conferences and other online communication tools, where possible, to reduce air pollution and greenhouse gas emissions. We cautiously monitor our greenhouse gas emissions in our head office by compiling an annual greenhouse gas report in accordance with ISO 14064-1:2018 standard. The report offers insights on potential improvement area to further reduce our emissions. It was also externally verified to ensure data accuracy.

The majority of the greenhouse gas emissions of the Group are arisen from energy consumption. As such, we have enhanced our energy efficiency and reduced energy consumption by setting energy use efficiency targets and initiating various improvement measures. To enhance the energy efficiency of our offices and branches, we have installed energy-efficient equipment including air conditioning systems and LED light bulbs and tubes. The reduction in energy consumption is estimated to be 20%–30%. We also installed energy-saving systems and timers on the equipment in all our offices and branches to switch off equipment outside operating hours.

As a considerable amount of electricity is consumed from the signage at our branches, we have also installed timers on the external lighting to control the operating time. Moreover, the new 3D signage at our branches uses LED light strips, reducing the amount of electricity consumed by around 30%. For the reporting year, the Group was granted the Energywise Certificate (Good Level) by the Hong Kong Green Organisation Certification to recognise our continuous efforts on energy conservation.

The threats of climate change is imminent. The occurrence of extreme weather events, such as severe typhoons, seasonal storms and abnormal precipitations, are likely to become more frequent with human-induced climate change. The Group continues to assess impacts on our operations and make respective enhancements to ensure and maintain our business operation under these extreme weather events or disruptions. The Board will monitor the risks and opportunities that arise from climate change on an ongoing basis and enhance our precautionary measures to strengthen our business climate resilience and get prepared for any potential climate impact.

OUR ENVIRONMENT (Continued)

Waste Management

Despite utilising online and digital platforms, paper waste remains the major type of waste generated in our operations. To further reduce waste disposal, we established clear guidelines on reducing paper consumption and recycling waste paper. Also, we encourage the reuse of single-sided used paper and brown envelopes for the internal circulation of documents. Frontline staff are also encouraged to proactively contact certified recyclers to collect waste paper for recycling. In recognition of our efforts, the Group was granted the Wastewi\$e Certificate (Excellent Level) by the Hong Kong Green Organisation Certification for the reporting year.

Moreover, a wide array of measures is adopted in our daily operations to scale up our waste management efforts. In addition to placing recycling facilities at specified locations to encourage waste sorting, we appoint a designated company for handling paper recycling. We also engage with our suppliers to recycle toner cartridges and encourage them to deliver fluorescent tubes to the designated collection points under the Environmental Protection Department's "Fluorescent Lamp Recycling Programme". A waste management control procedure has been adopted across the Group's businesses to enable effective identification, segregation, and handling of hazardous and non-hazardous waste.

Employee Environmental Awareness

The Group recognises the importance of behavioural change in enhancing our environmental performance. We place considerable efforts to enhance the environmental awareness of our employees, hoping to shift their mindset to incorporate sustainable practices in our day-to-day operations.

We have dedicated a page for environmental protection on the Company's intranet to effectively disseminate information on sustainable practices to our employees. This online platform also provides a communication channel to receive enquiries and suggestions on the Company's environmental issues from our employees. Through the intranet page, we have communicated the Group's stance on promoting environmental protection and proactively encourage our employees to practice the 4Rs – Reduce, Reuse, Recycle and Replace in their daily operations. For instance, our employees are encouraged to recycle promotional materials. Moreover, we have also placed labels of environmental protection messages eminently in the office and our branches to provide a constant reminder to our employees on the importance of operating in a sustainable manner.

OUR ENVIRONMENT (Continued)

Environmental Performance Data Summary

	Unit	Performance in 2024	Performance in 2023
Energy consumption			
Total electricity consumption ³	kWh	519,933	647,925
Energy intensity	GJ/employee	4.62	4.86
Greenhouse gas (GHG) emissions¹			
Direct emissions (Scope 1) ²	tonnes of CO ₂ equivalent (tCO ₂ e)	0	0
Energy indirect emissions (Scope 2) ³	tCO ₂ e	251.42	308.41
GHG emission intensity	tCO ₂ e/employee	0.62	0.64
Water consumption			
Total water consumption	cubic meter (m ³)	176	179
Water intensity	m ³ /employee	0.44	0.37
Waste management⁴			
Fluorescent tube disposed	pieces	108	159
Electrical appliances/components disposed ⁵	pieces	68	79
Electrical appliances/components recycled ⁵	pieces	71	164
Paper recycled ⁶	kg	1,779	6,098

Notes:

- 1 GHG emissions are calculated in accordance with the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition) published by the Environmental Protection Department, HKSAR. We also took reference from global warming potential values from the IPCC Fifth Assessment Report and the emission factors from CLP Power Hong Kong Limited, The Hongkong Electric Company Limited and The Hong Kong and China Gas Company Limited respectively, for the calculation of GHG emissions.
- 2 Direct GHG emission (Scope 1) is generated from refrigerant consumption by water dispensers in the office of commercial property business segment. Refrigerant consumption is insignificant in our offices and branches, thus data is not collected for disclosure.
- 3 Indirect GHG emission (Scope 2) is generated from electricity consumption by commercial, industrial and shops property business segments. Due to the decrease in the number of branches of the Group, the Group had reduced electricity consumption.
- 4 Non-hazardous waste disposed is insignificant in our offices and branches, thus data is not collected for disclosure.
- 5 Due to improvement of systems and regular repairs and maintenance of equipment, the Group had reduced hardware disposal and recycling.
- 6 The volume of paper recycled had been reduced due to the decrease in the number of branches of the Group.

OUR SUPPLY CHAIN

Overview of Our Supply Chain

To support our daily operations, the Group worked with 136 suppliers during the reporting year. Our main suppliers consist of companies that provide cleaning, insurance, security and transportation services, office equipment and printing products. To further promote local business development and reduce our carbon footprint, we also give priority to local suppliers when possible. In 2024, all our suppliers operate in Hong Kong.

OUR SUPPLY CHAIN (Continued)

Supplier Selection and Monitoring

We adhere to all applicable laws and regulations when procuring products and services. We also maintain a fair and reasonable procurement process for all our suppliers and service providers. During the tendering process, the Group communicates our high standards on conducting business in a responsible manner to our suppliers through our Vendor Code of Conduct. Regular assessments are also conducted to monitor and evaluate the performance of our suppliers, ensuring compliance and continuous improvement.

The Group recognises the importance of addressing the social, environmental, and ethical issues in our supply chain. We strive to promote environmentally sound procurement practices. The Group has established the Green Procurement Policy and revamped our tender document to reinforce our commitment. We adopt a comprehensive supply management mechanism to ensure appropriate management of environmental and social risks. Suppliers' ESG performance is one of the prime consideration factors in our selection process. We give priority to suppliers who can provide sustainable and socially responsible products and services. Some of our existing suppliers obtained various international certifications relating to environmental management and social responsibility. Selected suppliers are subject to ongoing monitoring and annual evaluation for quality assurance.

As we strive to minimise our environmental impact in our daily operations, we procure environmentally preferable products and services with a view to minimising adverse impact on environmental and human health when possible. For instance, we prioritise the use of environmentally-certified paper where possible, including paper certified by the Forest Stewardship Council (FSC). Moreover, we use soy-based ink for our printers to reduce environmental detriments as opposed to conventional petroleum-based ink. The Group is also taking steps in purchasing bio-degradable trash bags which are designed to decompose quickly and tackle plastic pollution.

OUR COMMUNITY

Our Community Investment

Our communities are inseparable from us, the Group has continuously invested considerable efforts in giving back to the communities in which we operate. By enriching our communities, we help them to thrive. We are also passionate about improving the wellness of the community, especially in challenging times. We distributed resources to serve different social groups in the community. In collaboration with various organisations, we strive to create long-term value for our community, and we grow with the community together for a better shared future.

We create inclusive engagement for the community and foster the city's development through community investment. We also have guidelines on community engagement to understand the needs of the communities and to ensure that our activities have taken into consideration the communities' interests. To optimise our effort in community investment, we conduct a thorough evaluation after the completion of each community event prior to determining the community event plan for the upcoming year. Our review covers activity objectives, number of beneficiaries, participation frequencies and hours, and the number of employees who participated.

During the reporting year, the Group has donated approximately HK\$85,600 to Midland Charitable Foundation and provided approximately 45 hours of volunteer services to support local community development. We are honoured to have our devotion towards supporting and caring for our community be recognised with the Caring Company Logo by The Hong Kong Council of Social Service for more than 15 consecutive years.

Volunteering Work

The Group is dedicated to giving back to the community. The local elderly are one of the major target beneficiaries within the breadth of our community engagement. The Group sponsored and supported volunteer activities including elderly home visits and festive celebrations for Mid-Autumn Festival organised by the The Lok Sin Tong Benevolent Society Kowloon. We are always looking to create great and memorable moments for our seniors.

SOCIAL PERFORMANCE DATA TABLE

	Unit	Performance in 2024	Performance in 2023
Employee Profile¹			
Total workforce ²	No. of people	405	480
<i>Total workforce by employment type</i>			
Full-time	No. of people	405	468
Part-time	No. of people	0	12
<i>Total workforce by gender³</i>			
Male	No. of people	208	252
Female	No. of people	197	216
<i>Total workforce by age group³</i>			
18–29	No. of people	15	13
30–50	No. of people	152	178
Above 50	No. of people	238	277
<i>Total workforce by geographic location³</i>			
Hong Kong	No. of people	405	468
Employee Turnover			
Total employee turnover rate ⁴	%	31% (Frontline: 32%) (Back office: 21%)	37% (Frontline: 37%) (Back office: 35%)
<i>Employee turnover rate by gender⁴</i>			
Male	%	32%	34%
Female	%	29%	41%
<i>Employee turnover rate by age group⁴</i>			
18–29	%	34%	15%
30–50	%	26%	35%
Above 50	%	34%	40%
<i>Employee turnover rate by geographic location⁴</i>			
Hong Kong	%	31%	37%

Notes:

- 1 The number of employees only covers the in-scope business operations as described under the section headed "Reporting Scope and Boundary".
- 2 The total workforce includes senior management of the Company.
- 3 Only full-time employees are calculated in the breakdown by gender, age group and geographic location.
- 4 Turnover rate = number of full-time employees who left the Group during the reporting year in the specified category / average number of full-time employees in the specified category at the beginning and at the end of the reporting year * 100%.

SOCIAL PERFORMANCE DATA TABLE (Continued)

	Unit	Performance in 2024	Performance in 2023
Development and Training			
Total workforce trained ⁵	No. of people	518	601
<i>Percentage of employees trained by gender</i>			
Male	%	52%	53%
Female	%	48%	47%
<i>Percentage of employees trained by employee category</i>			
General staff	%	85%	87%
Managers	%	12%	10%
Management	%	3%	3%
<i>Average training hours per employee by gender</i>			
Male	Hours/employee	13.90	15.42
Female	Hours/employee	12.82	15.63
<i>Average training hours per employee by employee category</i>			
General staff	Hours/employee	12.49	14.71
Managers	Hours/employee	18.22	22.31
Management	Hours/employee	19.79	16.94
Occupational Health and Safety			
Lost day due to work injury ⁶	No. of days	311	291
Work-related fatalities	No. of people	Nil – there were no work-related fatalities occurred in each of the past three years including the reporting year (2024).	
Supply Chain Management			
Number of suppliers by geographic location			
Hong Kong China	No. of suppliers	136	136

Notes:

5 The total of workforce trained includes employees who left the Group during the reporting year.

6 The lost day is calculated based on sum of days that the employee cannot attend to work due to work injuries.

OUR ESG AWARDS

Awards for Environmental Performance

Organiser	Award and Recognition
Hong Kong Green Organisation Certification	Hong Kong Green Organisation Energywi\$e Certificate – Good Level Wastewi\$e Certificate – Excellent Level
The Environment and Ecology Bureau	Charter on External Lighting – 4 Branches Received the Diamond Award

Awards for Corporate Social Responsibility

Organiser	Award and Recognition
Promoting Happiness Index Foundation	Happiness at Work Promotional Scheme 2024 – Happy Company
The Hong Kong Council of Social Service	15 Years Plus Caring Company Logo
The Hong Kong General Chamber of Small and Medium Business	2024 Partner Employer Award – Partner Employer Award
InspiringHK Sports Foundation	SportsHour Company Recognition
Labour Department	Good Employer Charter 2024 “Supportive Family-friendly Good Employer” Logo

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KPI A1.1	The types of emissions and respective emissions data.	Air emissions are insignificant in the Group's business.	N/A
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity.	Environmental Performance Data Summary	37
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental Performance Data Summary	37
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Environmental Performance Data Summary	37
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Climate Change and Energy Conservation	35
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management	36
Aspect A2 Use of Resources			
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KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Environmental Performance Data Summary	37
KPI A2.2	Water consumption in total and intensity.	Environmental Performance Data Summary	37
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Climate Change and Energy Conservation	35
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Water consumption is not material in the Group's business operation.	N/A
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The use of packaging material for finished products is not applicable to the Group's business.	N/A
Aspect A3 The Environment and Natural Resources			
General Disclosure		Environmental Management	35
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Employee Environmental Awareness	36
Aspect A4 Climate Change			
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KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change and Energy Conservation	35

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KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Social Performance Data Table	39-40
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social Performance Data Table	39-40
Aspect B2 Health and Safety			
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KPI B.2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social Performance Data Table	39-40
KPI B.2.2	Lost days due to work injury.	Social Performance Data Table	39-40
KPI B.2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety	34
Aspect B3 Development and Training			
General Disclosure		Training and Development	33-34
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social Performance Data Table	39-40
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social Performance Data Table	39-40
Aspect B4 Labour Standards			
General Disclosure		Employment Policy and Labour Standards	32
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment Policy and Labour Standards	32
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment Policy and Labour Standards	32

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Aspect B5 Supply Chain Management			
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KPI B5.1	Number of suppliers by geographical region.	Social Performance Data Table	39-40
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supplier Selection and Monitoring	38
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Selection and Monitoring	38
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Selection and Monitoring	38
Aspect B6 Product Responsibility			
General Disclosure		Product and Service Responsibility	31
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	This is not applicable to the Group's business.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Feedback Handling	31
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product and Service Responsibility	31
KPI B6.4	Description of quality assurance process and recall procedures.	Product and Service Responsibility	31
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Privacy and Data Protection	31
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KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Ethical Business Operation	27
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Ethical Business Operation	27
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Ethical Business Operation	27

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KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Community Investment	38

The Directors present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

Details of the analysis of the Group's performance for the year ended 31 December 2024 by operating segments are set out in note 6 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated income statement on page 69 of this Annual Report.

The Board does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: nil).

DIVIDEND POLICY

The Company has adopted a dividend policy which sets out the policy in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among others, the operating results, cash flow, financial condition and capital requirements of the Group and the interests of the shareholders of the Company.

BUSINESS REVIEW

A fair review of the business of the Group and particulars of important events affecting the Group that have occurred since the end of the financial year as well as discussion on the future business development of the Group are provided in the Letter from Chairman on pages 5 to 7 and the Management Discussion and Analysis on pages 58 to 60 of this Annual Report. Description of the principal risks and uncertainties facing by the Group can be found in the Letter from Chairman on pages 5 to 7 and note 4 to the consolidated financial statements on pages 81 to 87 of this Annual Report. An analysis using financial key performance indicators can be found in the Management Discussion and Analysis on pages 58 to 60 of this Annual Report. A discussion of the Group's environmental policies and performance is provided in the Environmental, Social and Governance Report on pages 25 to 45 of this Annual Report. The above sections form part of this report.

In addition, discussions on the relationships with its key stakeholders and compliance with the relevant laws and regulations which have a significant impact on the Group are provided in the paragraphs below.

Relationships with key stakeholders

The Group maintains good relationship with its key stakeholders, which include employees, customers and shareholders.

Employees

The Group considers its employees as important and valuable assets, and is committed to providing a pleasant working environment and promoting work-life balance. In this regard, the Group has implemented various policies, ranging from casual wear day, birthday and family-care holiday, to organising various leisure activities for its employees from time to time.

The Group believes that communication is important in building up good relationship between management and employees. The management issues regular newsletters which are circulated to the employees through intranet. The Group also encourages employees to provide suggestions to the Group through various platforms.

BUSINESS REVIEW (Continued)

Relationships with key stakeholders (Continued)

Customers

The Group's main customers are purchasers, vendors, landlords and tenants of properties. The Group considers customers as a major stakeholder and is committed to providing comprehensive and high quality customer services.

Shareholders

The Group is committed to enhancing the shareholders' value and safeguarding the shareholders' interest through sound and effective corporate governance practices and procedures. Further discussion of the corporate governance practices and procedures is set out in the Corporate Governance Report on pages 11 to 22 of this Annual Report.

Compliance with the relevant laws and regulations

As one of the principal activities of the Group is provision of estate agency services, the Group takes particular care to comply with the requirements of the Estate Agents Ordinance. The Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance and the guidelines issued by the Office of the Privacy Commissioner for Personal Data. To ensure the compliance with the applicable laws and regulations, the Group conducts regular training sessions for its staff, sets out guidelines and issues internal circulars to its staff from time to time.

In relation to human resources, the Group is committed to complying with the employment related ordinances, such as the Employment Ordinance, the Minimum Wage Ordinance, the Personal Data (Privacy) Ordinance, the ordinances relating to disability, sex, family status and race discrimination as well as the ordinance relating to occupational safety and health.

On the corporate level, the Company is committed to complying with the requirements under the Listing Rules and the Securities and Futures Ordinance (the "SFO") such as disclosure of information and corporate governance. The Company has complied with the code provisions set out in the Code throughout the year ended 31 December 2024. The Company has adopted its own code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code.

RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in note 23 and note 35(a) to the consolidated financial statements respectively.

CHARITABLE DONATIONS

During the year, the Group made charitable donations totalling HK\$94,000 (2023: HK\$146,000).

PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements in investment properties of the Group during the year are set out in note 17 to the consolidated financial statements. Details of the properties held for investment purposes are set out on pages 130 to 131 of this Annual Report.

SHARE CAPITAL

Details of the movement of the share capital of the Company during the year are set out in note 22 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and there are no restrictions against such rights under the applicable laws of the Cayman Islands.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the reserves of the Company available for distribution to shareholders comprised the share premium, contributed surplus and retained earnings which in aggregate amounted to HK\$911,523,000 (2023: HK\$910,209,000). Under the Companies Act of the Cayman Islands, the share premium of the Company may be applied for paying distributions or dividends to shareholders subject to the provisions of the Company's articles of association and provided that immediately following the payment of distributions or dividends, the Company shall be able to pay its debts as they fall due in the ordinary course of business.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 132 of this Annual Report.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2024.

BOARD OF DIRECTORS

The Directors who held office during the year ended 31 December 2024 and up to the date of this report are as follows:

Executive Directors

Mr. WONG Kin Yip, Freddie (*Chairman*)
Ms. WONG Ching Yi, Angela
Mr. LO Chin Ho, Tony
Mr. WONG Alexander Yiu Ming

Independent Non-Executive Directors

Mr. SHA Pau, Eric
Mr. WONG Chung Kwong
Mr. LI Wai Keung

Mr. WONG Kin Yip, Freddie, Mr. WONG Alexander Yiu Ming and Mr. WONG Chung Kwong shall retire by rotation at the forthcoming annual general meeting of the Company (the "AGM") in accordance with Article 87(1) of the articles of association of the Company.

The Company received from all Independent Non-Executive Directors annual confirmation of their independence and considered all the Independent Non-Executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in this Annual Report, no transactions, arrangements and contracts that are significant in relation to the Group's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its parent company was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, every Director shall 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 he or she shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his or her duty, or supposed duty, in his or her office provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to him or her. The Company has arranged directors and officers liability insurance for the directors of the Group.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company, no equity-linked agreements that will or may result in the Company issuing shares nor requiring the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the year or subsisted at the end of the year.

Details of the share option scheme of the Company are set out in the section headed "SHARE OPTION SCHEME" in this Annual Report.

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

As at 31 December 2024, the interests and short positions of each of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or notified to the Company and the Stock Exchange pursuant to the Model Code or otherwise, were as follows:

(i) Long positions in the shares and underlying shares of the Company

Name of Directors	Number of ordinary shares	Number of underlying shares	Total	Approximate percentage of the issued voting shares of the Company
	Corporate interest/ Interest of controlled corporation	Personal interest/ Beneficial owner (Note 1)		
Mr. WONG Kin Yip, Freddie	1,108,433,428 (Note 2)	18,000,000	1,126,433,428	62.40%
Ms. WONG Ching Yi, Angela	–	18,000,000	18,000,000	1%
Mr. WONG Alexander Yiu Ming	–	18,000,000	18,000,000	1%

Notes:

- (1) These underlying shares (being physically settled unlisted derivatives) were held by the Director(s) by virtue of the interests in the share options of the Company granted to him/her. Details of the share options granted by the Company to the above Directors are set out in the section headed "SHARE OPTION SCHEME" in this Annual Report.
- (2) These shares were held by Wealth Builder Holdings Limited ("Wealth Builder") which was indirectly wholly-owned by Mr. WONG Kin Yip, Freddie through his wholly-owned company, namely Luck Gain Holdings Limited ("Luck Gain").

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

(ii) Long positions in the shares and underlying shares of the associated corporations of the Company

Name of associated corporations	Name of Directors	Number of ordinary shares		Total	Approximate percentage of the issued voting shares of associated corporations
		Personal interest/ Beneficial owner	Corporate interest/ Interest of controlled corporation		
Wealth Builder	Mr. WONG Kin Yip, Freddie	–	1 (Note)	1	100%
Powerful Surge Group Limited	Ms. WONG Ching Yi, Angela	5	–	5	4.67%

Note: Such share was held by Luck Gain which was directly wholly-owned by Mr. WONG Kin Yip, Freddie.

Save as disclosed above, as at 31 December 2024, neither the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this Annual Report, 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.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2024, the interests and short positions of the substantial shareholders and other persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long positions in the shares and underlying shares of the Company

Name of substantial shareholders	Number of ordinary shares/ underlying shares	Holding capacity/ Nature of interest	Approximate percentage of the issued voting shares of the Company
Luck Gain	1,108,433,428 (Note 1)	Interest of controlled corporation/Corporate interest	61.40%
Wealth Builder	1,108,433,428 (Note 1)	Beneficial owner/Beneficial interest	61.40%
Ms. TANG Mei Lai, Metty	1,126,433,428 (Note 2)	Interest of spouse/Family interest	62.40%

Notes:

1. Luck Gain, which was directly wholly-owned by Mr. WONG Kin Yip, Freddie, was deemed to be interested in the 1,108,433,428 ordinary shares held by its directly wholly-owned subsidiary, Wealth Builder, under the SFO. These interests are also disclosed as the interests of Mr. WONG Kin Yip, Freddie in the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" in this Annual Report.
2. Such interests comprise (i) 1,108,433,428 ordinary shares held indirectly by Mr. WONG Kin Yip, Freddie, the spouse of Ms. TANG Mei Lai, Metty; and (ii) 18,000,000 underlying shares (being physically settled unlisted derivatives) held by Mr. WONG Kin Yip, Freddie by virtue of the interests in the share options of the Company granted to him, as disclosed in the sections headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTION SCHEME" in this Annual Report. Accordingly, Ms. TANG Mei Lai, Metty was deemed to be interested in the same block of ordinary shares and underlying shares of the Company in which Mr. WONG Kin Yip, Freddie was deemed to be interested under the SFO.

Save as disclosed above, as at 31 December 2024, no other substantial shareholders or persons had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 18 June 2020, the Company adopted the share option scheme (the "Share Option Scheme").

The major terms of the Share Option Scheme are summarised as follows:

(a) Purposes of the Share Option Scheme

The principal purposes of the Share Option Scheme are to enable the Group to recruit and retain high caliber Participants (as defined below) and attract human resources that are valuable to the Group, to recognise the contributions of the Participants to the growth of the Group by rewarding them with opportunities to obtain ownership interest in the Company, and to motivate and to give incentives to the Participants to continue to contribute to the long term success and prosperity of the Group.

(b) Participants of the Share Option Scheme

The Board may invite any Participant as the Board may in its absolute discretion select, having regard to each person's qualifications, skills, background, experience, service records and/or contribution or potential value to the relevant member(s) of the Group, to take up the options, subject to such terms and conditions (including vesting period) as determined by the Board, under the Share Option Scheme.

"Participant(s)" means any employees (whether full time or part time), senior executive or officer, manager, director (including executive, non-executive and independent non-executive director) or consultant of the Group who, as determined by the Board, have contributed or will contribute to the growth and development of the Group.

(c) Total number of shares available for issue

The total number of shares which may be issued upon exercise of all options granted or to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the total number of shares in issue (i.e. 180,528,260 shares) as at the date of adoption of the Share Option Scheme.

The total number of shares available for issue under the Share Option Scheme was 180,528,260 shares (representing approximately 10% of the issued shares of the Company as at the date of this Annual Report). The Company had granted options under the Share Option Scheme to subscribe for a total of 54,000,000 shares (representing approximately 3% of the issued shares of the Company as at the date of this Annual Report).

(d) Maximum entitlement of each Participant

The maximum number of shares issued and to be issued upon exercise of the options granted to each Participant under the Share Option Scheme and any other share option scheme(s) of the Company (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue.

Any further grant of options in excess of the above-mentioned limit shall be separately approved by the shareholders of the Company in general meeting with such Participant and such Participant's close associates (or his associates if such Participant is a connected person) abstaining from voting, and other requirements prescribed under the Listing Rules and/or other applicable statutory regulations or rules which must be complied with.

SHARE OPTION SCHEME (Continued)**(e) Maximum entitlement of each Participant who is a connected person**

The maximum number of shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme(s) of the Company to each Participant who is a substantial shareholder or an independent non-executive Director of the Company or any of their respective associates, in any 12-month period shall not exceed 0.1% of the total number of shares of the Company in issue and the aggregate value which based on the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of each grant shall not exceed HK\$5,000,000.

Any further grant of options in excess of the above-mentioned limit shall be separately approved by the shareholders of the Company in general meeting. Such grantee, his associates and all core connected persons of the Company shall be abstaining from voting, except where any such person may vote against the relevant resolution at such general meeting provided that his intention to do so has been stated in the circular to be sent to the shareholders of the Company, and that other requirements prescribed under the Listing Rules and/or other applicable statutory regulations or rules have been complied with.

(f) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period within which the option shall be exercised, to be notified by the Board to each Participant who accepts an offer in accordance with the terms of the Share Option Scheme, provided that it shall commence on a date not more than ten years from the offer date.

(g) Acceptance of offer

An offer for the grant of an option made by the Company must be accepted within ten business days from the day on which such offer is made. The amount payable to the Company on acceptance of the offer for the grant of an option is HK\$1.

(h) Basis of determining the exercise price

The exercise price of an option to subscribe for shares granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a Participant and shall be at least the highest of:

- (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the offer date;
- (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and
- (iii) the nominal value of a share of the Company.

(i) Remaining life of the Share Option Scheme

The Share Option Scheme became effective on 18 June 2020 and will remain in force for a period of ten years from the date of adoption.

The Company should comply with the requirements under Chapter 17 of the Listing Rules in respect of the matters of share options.

SHARE OPTION SCHEME (Continued)

Movements in the outstanding share options of the Company granted under the Share Option Scheme during the year were as follows:

			Number of share options						
			Exercise price per share HK\$	Balance outstanding as at 1 January 2024	Granted during the year	Lapsed during the year	Cancelled during the year	Exercised during the year	
Name	Date of grant <i>(Note 1)</i>								Exercisable period
Directors									
Mr. WONG Kin Yip, Freddie	3 January 2022	0.128	18,000,000	–	–	–	–	18,000,000	3 January 2023 to 2 January 2030
Ms. WONG Ching Yi, Angela	3 January 2022	0.128	18,000,000	–	–	–	–	18,000,000	3 January 2023 to 2 January 2030
Mr. WONG Alexander Yiu Ming	3 January 2022	0.128	18,000,000	–	–	–	–	18,000,000	3 January 2023 to 2 January 2030
			54,000,000	–	–	–	–	54,000,000	

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercisable period.
2. The number and/or exercise price of the share options may be subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.
3. The total number of options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2024 and 31 December 2024 was 126,528,260.

Details of the above share options are also set out in note 29 to the consolidated financial statements.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for less than 30% of the total revenues of the Group during the year ended 31 December 2024.

The Group had no major suppliers due to the nature of the principal activities of the Group.

RELATED PARTY TRANSACTIONS

The Group entered into certain transactions with parties regarded as "Related Parties" under applicable accounting principles. The significant related party transactions entered into by the Group during the year set out in note 34 to the consolidated financial statements which constitute non-exempt connected/continuing connected transactions are disclosed in the paragraphs below, in respect of which the relevant disclosure requirements under Chapter 14A of the Listing Rules have been complied with.

CONTINUING CONNECTED TRANSACTIONS

The following transactions between certain connected persons (as defined in the Listing Rules) of the Company and the Group were entered into and ongoing during the year for which relevant announcements had been made by the Company in accordance with the Listing Rules.

A cross referral services framework agreement (the "Cross Referral Services Framework Agreement (2023)") was made on 6 December 2023 between the Company and Midland, an associate of Mr. WONG Kin Yip, Freddie (the Chairman, Executive Director and controlling shareholder of the Company), pursuant to which members of the Group and members of Midland and its subsidiaries (the "Midland Group") may carry on cross referral services transactions in relation to estate agency businesses (the "Cross Referral Transactions") with each other for a period of three years from 1 January 2024 to 31 December 2026 in compliance with the Listing Rules. The continuing connected transactions as contemplated under the Cross Referral Services Framework Agreement (2023) are essentially referrals of business opportunities in property transactions between members of the Group and the Midland Group for estate agency services. Each Cross Referral Transaction is conducted on a case-by-case basis and is customer-driven. The Cross Referral Services Framework Agreement (2023), the Cross Referral Transactions and the annual caps were approved at the extraordinary general meeting of the Company held on 17 January 2024. On 11 July 2024, the Board proposed to revise the annual caps in respect of the referral fees from the Midland Group to the Group under the Cross Referral Services Framework Agreement (2023) for the year ended 31 December 2024 and for the two years ending 31 December 2025 and 2026. The revised annual caps were approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 16 August 2024.

Under the Cross Referral Services Framework Agreement (2023), the revised annual caps in respect of the referral fees from the Midland Group for the year ended 31 December 2024 and for the two years ending 31 December 2025 and 2026 is HK\$52.0 million each, while the existing annual caps in respect of the referral fees to the Midland Group for the year ended 31 December 2024 and for the two years ending 31 December 2025 and 2026 is HK\$82.0 million each.

Details relating to the Cross Referral Services Framework Agreement (2023) and the annual caps were set out in the announcements of the Company dated 6 December 2023 and 11 July 2024, and the circulars of the Company dated 22 December 2023 and 23 July 2024.

The aggregate values of the referral fees to and from the Midland Group under the Cross Referral Services Framework Agreement (2023) for the year ended 31 December 2024 was approximately HK\$31.8 million and HK\$30.6 million respectively, which had not exceeded the respective cap value for the said year.

The Group had from time to time on separate occasions in its ordinary and usual course of business entered into different lease agreements, some of which with connected person(s) of the Company:

A tenancy agreement was made on 27 March 2023 between Teamway Group Limited, an indirect wholly-owned subsidiary of the Company, as landlord and Union Honor Limited, an indirect wholly-owned subsidiary of Midland, as tenant whereby the landlord agreed to let the premises located at the Whole of 21st Floor, Ford Glory Plaza, No. 37 Wing Hong Street, Kowloon, Hong Kong for a term of one year from 19 March 2023 to 18 March 2024 at a monthly rental of HK\$200,000 without rent-free period. Details of which were disclosed in the announcement of the Company dated 27 March 2023.

The annual cap for the rentals received/receivable by the Group for the year ended 31 December 2024 had been fixed at HK\$600,000. Details of which were disclosed in the announcement of the Company dated 27 March 2023. The total rentals received/receivable by the Group for the year ended 31 December 2024 was approximately HK\$516,000, which had not exceeded the annual cap for the year.

CONTINUING CONNECTED TRANSACTIONS (Continued)

Pursuant to Rule 14A.55 of the Listing Rules, the aforesaid continuing connected transactions (the “Continuing Connected Transactions”) have been reviewed by the Independent Non-Executive Directors who have confirmed that the Continuing Connected Transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company’s auditor was engaged to report on the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified report containing its findings and conclusions in respect of the Continuing Connected Transactions disclosed on pages 55 to 56 of this Annual Report in accordance with Rule 14A.56 of the Listing Rules.

CHANGE IN DIRECTOR’S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of a Director subsequent to the date of the 2024 interim report of the Company is set out below:

Mr. WONG Alexander Yiu Ming is entitled to an annual director’s fee of HK\$100,000, extra remuneration of HK\$116,667 per month and profit sharing of the Group and his responsible business units of the Group respectively in each financial year.

RETIREMENT SCHEME

Details of the Group’s retirement scheme are set out in note 8 to the consolidated financial statements.

PRINCIPAL SUBSIDIARIES

Details of the Company’s principal subsidiaries as at 31 December 2024 are set out in note 36 to the consolidated financial statements.

BANK BORROWINGS

An analysis of bank borrowings of the Group as at 31 December 2024 is set out in note 24 to the consolidated financial statements. Apart from the aforesaid and note 26 to the consolidated financial statements, the Group had no other borrowings as at 31 December 2024.

DIRECTORS' EMOLUMENT POLICY

The Company recognises the importance of a formal and transparent policy on determining the remuneration packages of Directors and other remuneration related matters, and adopted a remuneration policy for Directors which aims to ensure that remuneration packages of Directors are appropriate and sufficient to attract and retain high caliber Directors to run the Company successfully and that it aligns with the strategic business goals of the Company. To ensure that the Directors are appropriately remunerated, salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group would be considered. The emoluments of the Executive Directors are reviewed by the Remuneration Committee and determined by the Board, having regard to the Group's operating results, individual performance and prevailing market condition. The emoluments of the Independent Non-Executive Directors are reviewed by the Remuneration Committee and determined by the Board. No Director or any of his or her associates was involved in deciding his or her own remuneration. The Company has a share option scheme as an incentive to the Directors and eligible employees, details of the scheme are set out in the section headed "SHARE OPTION SCHEME" and in note 29 to the consolidated financial statements.

DIRECTORS' INTEREST IN COMPETING BUSINESS

The interests of the Directors in businesses which compete or are likely to compete, directly or indirectly, with the businesses of the Group during the year were as follows:

Mr. WONG Kin Yip, Freddie (the Chairman and a controlling shareholder of Midland) and Ms. WONG Ching Yi, Angela held executive directorships in the Midland Group. Mr. WONG Alexander Yiu Ming held directorships in the Midland Group. The Midland Group is principally engaged in the provision of property agency services in Hong Kong, Macau and the PRC, property leasing, immigration consultancy services and money lending services.

As the Board of the Company is independent of the board of directors of Midland and none of the above Directors can control the Board of the Company, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of the Midland Group.

Save as disclosed above, none of the Directors had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group during the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this Annual Report, there is sufficient public float of at least 25% of the total number of issued shares of the Company as required under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by PricewaterhouseCoopers, auditor of the Company, who shall retire and, being eligible, will offer themselves for re-appointment at the AGM.

On behalf of the Board
Legend Upstar Holdings Limited

WONG Ching Yi, Angela
Executive Director

Hong Kong, 31 March 2025

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2024, the Group had cash and cash equivalents of HK\$285,998,000 (2023: HK\$219,181,000), whilst bank borrowings amounted to HK\$373,044,000 (2023: HK\$384,225,000).

The maturity profile of the Group's borrowings is set out as follows:

	As at 31 December 2024 HK\$'000	As at 31 December 2023 HK\$'000
Secured bank borrowings without repayment on demand clause		
– repayable within 1 year	146,006	109,356
– repayable after 1 year but within 2 years	100,380	138,356
– repayable after 2 years but within 5 years	126,658	136,513
	373,044	384,225

The Group's bank borrowings were secured by certain investment properties held by the Group of HK\$852,900,000 (2023: HK\$898,200,000). As at 31 December 2024, the Group had unutilised borrowing facilities amounting to HK\$73,000,000 (2023: HK\$135,000,000) from various banks. The Group's cash and bank balances are deposited in Hong Kong dollars and the Group's bank borrowings are in Hong Kong dollars. The bank borrowings and overdraft facilities were granted to the Group on a floating rate basis.

As at 31 December 2024, the gearing ratio of the Group was 33.6% (2023: 33.7%). The gearing ratio is calculated on the basis of the Group's total bank borrowings over total equity of the Group.

The liquidity ratio of the Group, which represents a ratio of current assets over current liabilities, to reflect the adequacy of the financial resources, was 2.3 (2023: 2.5). The return on equity of the Group, which is the ratio of loss for the year over total equity was -2.40% (2023: -0.15%).

With committed banking facilities in place and a solid base of recurrent income, the directors of the Company (the "Directors") are of the view that there are sufficient financial resources to satisfy the Group's on-going working capital requirements.

Consistent with the overall treasury objectives and policy, the Group undertakes treasury management activities with respect to its available cash so as to generate investment return to enhance the Group's financial position. The criteria for selection of investments will include (i) the risk profile involved and not speculative in nature; (ii) the liquidity of an investment; (iii) the after tax equivalent yield of an investment; and (iv) structured products are prohibited. In line with its liquidity objectives, the Group invests mostly in liquid instruments, products or equities with good credit quality. Investment in fixed income products are structured in different maturity profile to cater for ongoing business development.

The Group's income and monetary assets and liabilities are denominated in Hong Kong dollars. The Directors consider that the foreign exchange exposure of the Group is minimal.

FINANCIAL REVIEW (Continued)

Fair value losses on investment properties

During the year, the Group recorded a fair value loss of HK\$53.9 million (2023: HK\$26.7 million) on revaluation of investment properties.

Information on the Group's loan portfolio and money lending business

As at 31 December 2024, the outstanding loan receivables was HK\$251.1 million (2023: HK\$333.7 million). The outstanding loan balance involved 31 cases (2023: 36 cases) with different borrowers. The largest outstanding loan receivable was HK\$43.2 million (representing approximately 17% of the outstanding loan portfolio as a whole) which was secured by a first mortgage over a residential property located at a prime location with a loan to value ratio of 82%. The second largest outstanding loan receivable was HK\$25.1 million (representing approximately 10% of the outstanding loan portfolio as a whole) which was secured by a first mortgage over a residential property located at a prime location with a loan to value ratio of approximately 36%. As at 31 December 2024, the amount of loan receivables from the five largest borrowers was HK\$132.7 million (2023: HK\$176.6 million), representing approximately 53% of the outstanding loan portfolio as a whole (2023: 53%).

As at 31 December 2024, all the outstanding loan receivables were secured by first mortgage over residential and/or non-residential properties, with average loan to value ratio of approximately 55% (as at 31 December 2023: 60%). Impairment loss on loan of HK\$1.6 million was made for the year ended 31 December 2024 (2023: nil).

The credit business of the Group is operated by Legend Credit Limited ("Legend Credit"), the Group's money lending unit. Such credit business provides a stable revenue and cash flow to the Group.

In general, each loan application must go through three stages before granting to the borrower, namely (i) document collection and verification; (ii) credit risk assessment; and (iii) approval of the credit committee.

The credit risk assessment is based on the financial strength and repayment ability of the borrower, the collateral provided, prevailing market and competitive conditions and interest rate environment.

All loans advanced by Legend Credit are subject to approval on a case-by-case basis by a credit committee, which comprises members of the senior management who possess expertise in the property and financing fields.

Interest rates on loans are offered based on the assessed degree of credit risks, loan period, loan amount, availability of funds, and any other relevant business relationships with the borrower.

The Group manages its loan portfolio to minimise concentration by the relationship between borrowers to maintain a diversified client base and lessen credit risk exposures. Legend Credit's collection team will conduct periodic review of its portfolio to monitor risks of default. They will also monitor whether borrowers make timely repayments and fulfil covenants during the life of the loan. The collection team will follow up promptly on late repayments, and liaise with borrowers for settlement. The Group will enforce securities and take legal actions for overdue debts when necessary.

FINANCIAL REVIEW (Continued)

Contingent liabilities

The Group has been involved in certain claims/litigations in respect of property agency services, including a number of cases in which third party customers alleged that certain Group's employees, when advising the customers, had made misrepresentations about the properties that the customers intended to acquire. After seeking legal advice, the management is of the opinion that either an adequate provision has been made in the consolidated financial statements to cover any potential liabilities or that no provision is required as based on the current facts and evidence there is no indication that an outflow of economic resources is probable.

Employee information

As at 31 December 2024, the Group employed 405 full-time employees (2023: 480).

The emolument policy regarding employees of the Group is largely based on industry practice, individual performance, qualification and experience. In addition, discretionary bonus, incentives tied in with profits and share options may be granted to eligible staff by reference to the Group's performance and individual performance. The Group also provides other benefits to its employees such as education subsidies, medical and retirement benefits. In respect of staff development, both in-house and external training and development programmes are conducted on a regular basis.



羅兵咸永道

TO THE SHAREHOLDERS OF LEGEND UPSTAR HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION**What we have audited**

The consolidated financial statements of Legend Upstar Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 69 to 129, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which comprising material accounting policies and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition for property agency fees
- Expected credit loss allowance for trade receivables
- Valuation of investment properties

Key Audit Matters	How our audit addressed the Key Audit Matters
<i>Revenue recognition for property agency fees</i>	
Refer to note 5(a) and note 6 to the consolidated financial statements.	
The Group recognised revenue from property agency businesses of HK\$301.5 million for the year ended 31 December 2024, representing 84% of the total revenues reported by the Group.	
Property agency fees includes an element of consideration that is variable or contingent on the occurrence or non-occurrence of future events. Management estimated the amount of variable consideration included in the transaction price only to the extent that it is highly probable taking into consideration of the risk of transactions fallen through and price concession based on customary industry practice, that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.	<ul style="list-style-type: none"> • We obtained an understanding of management's internal control and process of revenue recognition for property agency fees and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. • We evaluated and tested the design and operating effectiveness of the key controls over revenue recognition for property agency fees. • We evaluated management's assessment on the determination of variable consideration and the outcome of prior period assessment of revenue recognition to assess the effectiveness of management's estimation process.

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
<i>Revenue recognition for property agency fees (Continued)</i>	
<p>We focused on this area because the estimation of the variable consideration is inherently subjective and requires significant judgement, which increase the risk or potential management bias.</p>	<ul style="list-style-type: none"> • We assessed the reasonableness of management's estimates used to determine variable consideration by considering various factors such as the terms set out in the contracts, the completion status of the sales transactions, knowledge of the customers, price concession and other relevant market information. • We tested, on a sample basis, the data used in the calculation of the variable consideration to supporting evidence. <p>Based on the procedures performed, we considered that the estimations made by management on the revenue recognition for property agency fees were supported by available evidence.</p>
<i>Expected credit loss allowance for trade receivables</i>	
<p>Refer to note 3(b), note 3(c), note 4(a)(i) and note 5(b) to the consolidated financial statements.</p>	
<p>As at 31 December 2024, the Group's gross trade receivables amounted to HK\$110.8 million, against which an expected credit loss allowance ("ECL") of HK\$30.2 million was made.</p>	
<p>Management applied the HKFRS 9 simplified approach to measure lifetime ECL allowance for all trade receivables. Management identified trade receivables with impairment indicators with reference to their knowledge about the customers, the completion status of related property transactions and the market conditions, and made ECL allowance for these trade receivables accordingly. Management grouped the remaining trade receivables with similar credit risk characteristics and aging profile, and estimated ECL rates based on latest completed historical payment profile of sales over 12 months and corresponding historical credit losses experience within that period and adjusted to reflect the current and forward-looking information on macroeconomic factors when they are considered relevant to determine the ability of customers to settle the receivables in the future.</p>	<ul style="list-style-type: none"> • We obtained an understanding of management's internal control and process for the estimation of ECL allowance for trade receivables and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. • We evaluated and tested the key controls performed by management over the estimation of ECL allowance for trade receivables. • We assessed the appropriateness of the expected loss provisioning methodology in determining the ECL allowance. • We assessed the estimates used to determine the ECL allowance by considering the completion status of the transactions, historical payment pattern, general market conditions and management's knowledge about credit worthiness of contracted parties.

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
<i>Expected credit loss allowance for trade receivables (Continued)</i>	
<p>We focused on this area because the estimation of ECL allowance involved a significant level of judgement by management to determine the use of internal and external data from various sources to establish the historical credit loss experience and to adjust this experience for expected future changes, recognising that these factors are all subject to a certain level of uncertainty.</p>	<ul style="list-style-type: none"> • We assessed the appropriateness of the grouping of the trade receivables based on their market segments and the credit risk characteristic assessed by reference to the available market information. • We tested, on a sample basis, accuracy of the trade receivables aging report to the registration or other relevant documents. • We challenged the inputs, assumptions and estimation techniques, including historical credit loss rates and forward-looking information, used in determining the ECL allowance. <p>Based on the procedures performed, we considered that management's judgement and assumptions applied in assessing the ECL allowance for trade receivable were supported by available evidence.</p>

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
<p><i>Valuation of investment properties</i></p> <p>Refer to note 3(a), note 5(c) and note 17 to the consolidated financial statements.</p> <p>As at 31 December 2024, the investment properties of HK\$952.9 million were measured at fair value in the consolidated balance sheet. There was a fair value loss of HK\$53.9 million recognised in the consolidated income statement for the year ended 31 December 2024.</p> <p>The Group's investment properties comprised commercial and industrial units, serviced apartments and shops in Hong Kong.</p> <p>Management engaged an independent professional valuer to determine the fair value of the Group's investment properties. The fair value was derived by the income capitalisation method and direct comparison method, wherever appropriate. Income capitalisation method was based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates and prevailing market rents. Direct comparison method was based on comparable market transactions, as adjusted by the property-specific qualitative factors.</p>	<ul style="list-style-type: none"> • We understood management's internal controls and process for determining the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the level of other inherent risk factors. • We evaluated the competence, capabilities and objectivity of the independent professional valuer. • We obtained the valuation report of the investment properties and met with the independent professional valuer to discuss the valuation methodologies and key assumptions. • We involved our internal valuation specialists and assessed the appropriateness of the valuation methodologies and the reasonableness of key assumptions used in the valuation of investment properties, based on our knowledge of the property industry, research evidence of capitalisation rates, prevailing market rents and comparable market transactions for similar properties, where applicable.

KEY AUDIT MATTERS (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
<i>Valuation of investment properties (Continued)</i>	
We focused on this area because these investment properties were significant to the Group and significant judgments and estimates were involved in the valuation of investment properties.	<ul style="list-style-type: none"> We tested, on a sample basis, the valuation input data on existing leases by agreeing the rental income and lease terms to the signed lease agreements. We assessed the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRS disclosure requirements. <p>Based on the procedures performed, we considered that the methodologies used and key assumptions adopted in the valuation of investment properties were supported by available evidence.</p>

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of 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 DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

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

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

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

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

We communicate with 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chan Tak Wai, Daniel.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 31 March 2025