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KAI YUAN HOLDINGS LIMITED

開源控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 1215)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Kai Yuan Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Year**”) together with comparative figures for the year ended 31 December 2023 (the “**Preceding Year**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	4	323,454	293,620
Cost of sales		<u>(236,764)</u>	<u>(223,127)</u>
Gross profit		86,690	70,493
Other income and gains	4	40,816	32,483
Reversal of/(provision for) impairment of a convertible bond investment		12,028	(11,337)
Provision for impairment of a loan to an associate		–	(8,163)
Other expenses	5	–	(355)
Administrative expenses		(41,523)	(38,476)
Finance costs	6	<u>(48,924)</u>	<u>(43,784)</u>
PROFIT BEFORE TAX	7	49,087	861
Income tax expense	8	<u>(13,239)</u>	<u>(3,258)</u>
PROFIT/(LOSS) FOR THE YEAR		<u>35,848</u>	<u>(2,397)</u>
Attributable to:			
Owners of the Company		<u>35,848</u>	<u>(2,397)</u>
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	<i>10</i>		
Basic			
– For profit/(loss) for the year		<u>HK0.28 cents</u>	<u>HK(0.02) cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>35,848</u>	<u>(2,397)</u>
OTHER COMPREHENSIVE LOSS		
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	5,141	3,600
Reclassification adjustments for gains included in the consolidated statement of profit or loss	(43,278)	(44,207)
Income tax effect	<u>9,534</u>	<u>10,152</u>
	<u>(28,603)</u>	<u>(30,455)</u>
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(63,189)</u>	<u>30,159</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>(91,792)</u>	<u>(296)</u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to employee benefits, net of tax	<u>(217)</u>	<u>(131)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(217)</u>	<u>(131)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	<u>(92,009)</u>	<u>(427)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(56,161)</u>	<u>(2,824)</u>
Attributable to:		
Owners of the Company	<u>(56,161)</u>	<u>(2,824)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,216,959	2,407,192
Right-of-use assets		504	2,014
Intangible assets		357	429
Deferred tax assets		35,580	40,311
		<hr/>	<hr/>
Total non-current assets		2,253,400	2,449,946
CURRENT ASSETS			
Inventories		1,082	1,194
Trade receivables	<i>12</i>	13,188	12,553
Prepayments, other receivables and other assets		60,386	138,078
Loan to an associate		107,185	110,928
Derivative financial instruments		–	38,033
Pledged deposits		38,256	33,122
Cash and cash equivalents		994,466	884,192
		<hr/>	<hr/>
Total current assets		1,214,563	1,218,100
		<hr/>	<hr/>
Total assets		3,467,963	3,668,046
CURRENT LIABILITIES			
Trade payables	<i>13</i>	4,061	2,625
Other payables and accruals		71,081	80,273
Derivative financial instruments		873	–
Interest-bearing bank borrowings		–	1,502,706
Lease liabilities		554	1,608
Tax payable		5,903	7,732
		<hr/>	<hr/>
Total current liabilities		82,472	1,594,944
		<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)		1,132,091	(376,844)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,385,491	2,073,102
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*As at 31 December 2024*

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>3,385,491</u>	<u>2,073,102</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	1,379,125	–
Lease liabilities	–	554
Other long term payables	2,671	2,224
Deferred tax liabilities	<u>132,034</u>	<u>142,502</u>
Total non-current liabilities	<u>1,513,830</u>	<u>145,280</u>
Net assets	<u>1,871,661</u>	<u>1,927,822</u>
EQUITY		
Share capital	1,277,888	1,277,888
Reserves	<u>593,773</u>	<u>649,934</u>
Total equity	<u>1,871,661</u>	<u>1,927,822</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the principal place of business is located at 28th Floor, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding, and its subsidiaries are principally engaged in hotel operation and money lending.

Information about subsidiaries

Particulars of the Company’s subsidiaries are as follows:

Name of subsidiary	Form of legal entity	Place of incorporation or registration/ place of operations	Issued ordinary/ registered share capital	Percentage of issued share/registered capital attributable to the Company		Principal activities
				Direct %	Indirect %	
Crown Value Limited (“ Crown Value ”)	Corporation	Hong Kong/Hong Kong	HK\$154,694,251	100	–	Investment holding
Splendid Holdings S.à r.l.	Corporation	Luxembourg/Luxembourg	EUR20,000	–	100	Investment holding
MCE OpCo HoldCo	Corporation	France/France	EUR1,000	–	100	Investment holding
MCE OpCo	Corporation	France/France	EUR26,835,915	–	100	Hotel operation
Splendid PropCo	Corporation	France/France	EUR44,000,010	–	100	Owner of a hotel property
Global Strategy International Limited ⁽ⁱ⁾	Corporation	British Virgin Islands/ Hong Kong	US\$100	100	–	Investment holding
Kai Yuan Capital Limited	Corporation	Hong Kong/Hong Kong	HK\$10,000	–	100	Money lending
Star Wonder Limited	Corporation	Hong Kong/Hong Kong	HK\$1	–	100	Investment holding
Ever Info Limited ⁽ⁱ⁾	Corporation	British Virgin Islands/ Hong Kong	US\$100	100	–	Investment holding

Name of subsidiary	Form of legal entity	Place of incorporation or registration/ place of operations	Issued ordinary/ registered share capital	Percentage of issued share/registered capital attributable to the Company		Principal activities
				Direct %	Indirect %	
Universal Yield Investments Limited ⁽ⁱ⁾	Corporation	British Virgin Islands/ Hong Kong	US\$1	100	–	Investment holding
Deluxe (China) Limited	Corporation	Hong Kong/Hong Kong	HK\$1	–	100	Investment holding
Shanghai Top Star Advanced Materials Co., Limited	Wholly-owned foreign enterprise	The PRC/Mainland China	US\$35,000,000	–	100	Investment holding
Ever Profit Management Limited	Corporation	Hong Kong/Hong Kong	HK\$1,000,000	100	–	Service provision
Charter Best Investments Limited ⁽ⁱ⁾	Corporation	British Virgin Islands/ Hong Kong	US\$1	100	–	Investment holding
Oriental Institute of Science Limited	Corporation	Hong Kong/Hong Kong	HK\$100	–	100	Research and development
Full Kingdom Limited ⁽ⁱ⁾	Corporation	British Virgin Islands/ Hong Kong	US\$100	100	–	Investment holding
New York Limited	Corporation	Hong Kong/Hong Kong	HK\$100	–	100	Investment holding

⁽ⁱ⁾ No audited financial statements have been prepared for these entities for the year ended 31 December 2024 as these entities were not subject to any statutory audit requirement under relevant rules and regulations in their jurisdictions of incorporation.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The application of the revised HKFRSs in the current year had no material impact on the Groups' consolidated financial position and performance for the current and prior years.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosure³</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity²</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to HKAS 21	<i>Lack of Exchangeability¹</i>
Annual Improvements to HKFRS Accounting Standards – Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7²</i>

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

Save as disclosed above, none of these HKFRSs is expected to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments (2023: two) as follows:

- (a) the hotel operation segment engaged in the operation of the hotel business in France; and
- (b) the money lending segment engaged in providing mortgage loans in Hong Kong.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that bank interest income, interest income from a convertible bond investment, accrual/reversal of impairment, and corporate and other unallocated expenses are excluded from such measurement.

An analysis for the Group's Segments is as follows:

Year ended 31 December 2024	Hotel operation HK\$'000	Money lending HK\$'000	Total HK\$'000
<i>Segment revenue (note 4)</i>			
Sales to external customers	<u>323,454</u>	<u>–</u>	<u>323,454</u>
Segment results	<u>21,616</u>	<u>(1,009)</u>	<u>20,607</u>
<i>Reconciliation:</i>			
Bank interest income			31,837
Interest income from a convertible bond investment			6,498
Reversal of impairment of a convertible bond investment			12,028
Corporate and other unallocated expenses			<u>(21,883)</u>
Profit before tax			<u>49,087</u>
Year ended 31 December 2023	Hotel operation HK\$'000	Money lending HK\$'000	Total HK\$'000
<i>Segment revenue (note 4)</i>			
Sales to external customers	<u>293,620</u>	<u>–</u>	<u>293,620</u>
Segment results	<u>8,956</u>	<u>(993)</u>	<u>7,963</u>
<i>Reconciliation:</i>			
Bank interest income			23,275
Interest income from a convertible bond investment			7,828
Provision for impairment of a convertible bond investment			(11,337)
Provision for impairment of an investment in an associate			(8,163)
Corporate and other unallocated expenses			<u>(18,705)</u>
Profit before tax			<u>861</u>

Geographical information

(a) Revenue from external customers

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
France	323,454	293,620

The revenue information above is based on the locations that performance obligation are fulfilled.

(b) Non-current assets

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
France	2,189,938	2,378,949
Mainland China	27,880	30,680
Hong Kong	2	6
Total non-current assets	2,217,820	2,409,635

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

Information about a major customer

No revenue from transactions with a single customer accounted for 10% or more of the Group's total revenue for the years ended 31 December 2024. A single customer contributed revenue of HK\$33,298,000, accounting for 10% or more of the Group's total revenue for the year ended 31 December 2023.

4. REVENUE, OTHER INCOME AND GAINS

The Group's revenue represents revenue from contracts with customers. The disaggregation information is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Type of services		
Rendering of accommodation services	276,013	252,549
Rendering of catering services	39,573	36,307
Rendering of travel agency services	6,793	3,441
Rendering of laundry services	1,075	1,323
	<hr/>	<hr/>
Total	323,454	293,620
	<hr/>	<hr/>
Geographical market		
France	323,454	293,620
	<hr/>	<hr/>
Timing of revenue recognition		
Services transferred over time and total revenue from contracts with customers	323,454	293,620
	<hr/>	<hr/>

Total revenue from contracts with customers can be directly reconciled to the segment revenue of hotel operation disclosed in note 3.

Other income and gains are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
Gross rental income from a property operating lease:		
Fixed lease income	1,502	1,380
Interest income from a convertible bond investment	6,498	7,828
Bank interest income	<u>31,837</u>	<u>23,275</u>
 Total other income	 <u>39,837</u>	 <u>32,483</u>
Gains		
Foreign exchange gains	<u>979</u>	<u>–</u>
 Total gains	 <u>979</u>	 <u>–</u>
 Total other income and gains	 <u>40,816</u>	 <u>32,483</u>
 5. OTHER EXPENSES		
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Foreign exchange losses	<u>–</u>	<u>355</u>
 6. FINANCE COSTS		
	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on bank borrowings	92,060	87,775
Fair value gain, net		
– cash flow hedges (transfer from other comprehensive income)	(43,278)	(44,207)
Interest on lease liabilities	72	150
Interest on a defined benefit plan	<u>70</u>	<u>66</u>
 Total	 <u>48,924</u>	 <u>43,784</u>

7. PROFIT BEFORE TAX

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

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Cost of hotel operation		194,297	179,010
Depreciation of property, plant and equipment		42,425	44,035
Depreciation of right-of-use assets		1,510	1,599
Amortisation of intangible assets		46	46
(Reversal of)/provision for impairment of a convertible bond investment		(12,028)	11,337
Provision for impairment of a loan to an associate		–	8,163
Lease payments not included in the measurement of lease liabilities		119	21
Auditor's remuneration		2,838	2,768
Wages, salaries and other benefits (including directors' and chief executive's remuneration)		9,387	9,052
Foreign exchange difference, net	4, 5	(979)	355
Fair value gain, net			
– cash flow hedges (transfer from other comprehensive income)	6	(43,278)	(44,207)
Interest income from a convertible bond investment	4	(6,498)	(7,828)
Bank interest income	4	(31,837)	(23,275)

8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The provision for PRC current income tax was based on the statutory rate of 25% (2023: 25%) of the assessable profits of the Group's subsidiaries in Mainland China as determined in accordance with the relevant income tax rules and regulations of the PRC Corporate Income Tax Law, which came into effect on 1 January 2008.

The provision of French current income tax was based on the rate of 25% (2023: 25%) of the estimated assessable profits arising during the year.

The provision for Luxembourg's current income tax was based on the rate of 24.94% (2023: 24.94%) of the estimated assessable profits arising during the year.

The major components of income tax expense for the years ended 31 December 2024 and 2023 were as follows:

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Current income tax charge for the year – France	(a)	2,653	2,065
Current income tax charge for the year – Hong Kong		123	439
Deferred income tax		10,463	754
		<hr/>	<hr/>
Income tax charge for the year		13,239	3,258
		<hr/>	<hr/>

(a) Tax losses arising in France may be carried forward indefinitely. However, the amount of losses used in a year may not exceed EUR1 million plus 50% of the taxable profit above that amount for such financial year.

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax credit at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates are as follows:

2024	Mainland China		Hong Kong		France		Luxembourg		Others ⁽ⁱ⁾		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
(Loss)/profit before tax	<u>(432)</u>		<u>53,120</u>		<u>(4,545)</u>		<u>990</u>		<u>(46)</u>		<u>49,087</u>	
Tax at the statutory income tax rate	(108)	25.0	8,765	16.5	(1,136)	25.0	247	24.9	-	-	7,768	15.8
Expenses not deductible for tax	-	-	-	-	14,252	(313.6)	-	-	-	-	14,252	29.0
Lower tax rate enacted by local authority	-	-	(123)	(0.2)	-	-	-	-	-	-	(123)	(0.3)
Income not subject to tax	-	-	(8,983)	(16.9)	-	-	(247)	(24.9)	-	-	(9,230)	(18.8)
Tax losses and temporary differences not recognised	<u>108</u>	<u>(25.0)</u>	<u>464</u>	<u>0.9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>572</u>	<u>1.2</u>
Tax charge at the Group's effective rate	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	123	0.3	13,116	(288.6)	-	-	-	-	13,239	26.9

2023	Mainland China		Hong Kong		France		Luxembourg		Others ⁽ⁱ⁾		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
(Loss)/profit before tax	<u>(9,841)</u>		<u>27,936</u>		<u>(18,154)</u>		<u>979</u>		<u>(59)</u>		<u>861</u>	
Tax at the statutory income tax rate	(2,460)	25.0	4,609	16.5	(4,539)	25.0	244	24.9	-	-	(2,146)	(249.2)
Expenses not deductible for tax	-	-	-	-	7,358	(40.5)	-	-	-	-	7,358	854.6
Lower tax rate enacted by local authority	-	-	(165)	(0.6)	-	-	-	-	-	-	(165)	(19.2)
Income not subject to tax	-	-	(8,157)	(29.2)	-	-	(244)	(24.9)	-	-	(8,401)	(975.7)
Tax losses and temporary differences not recognised	<u>2,460</u>	<u>(25.0)</u>	<u>4,152</u>	<u>14.9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,612</u>	<u>767.9</u>
Tax charge at the Group's effective rate	<u>-</u>	<u>-</u>	<u>439</u>	<u>1.6</u>	<u>2,819</u>	<u>(15.5)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,258</u>	<u>378.4</u>

- (i) Others represent the results of certain subsidiaries which are tax-exempted companies incorporated in Bermuda and the British Virgin Islands.

9. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year (2023: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of 12,778,880,000 (2023: 12,778,880,000) shares outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

The calculation of basic earnings/(loss) per share is based on:

	2024	2023
	HK\$'000	HK\$'000
Profit/(loss)		
Profit/(loss) attributable to ordinary equity holders of the Company	<u>35,848</u>	<u>(2,397)</u>

	2024	2023
Shares ('000)		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(losses) per share calculation	12,778,880	12,778,880

11. INVESTMENT IN AN ASSOCIATE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Share of net assets	6,230	6,448
Goodwill on acquisition	1,090	1,127
Provision for impairment	(7,320)	(7,575)
Total	<u>–</u>	<u>–</u>

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Beijing Chemical Reaction Engineering Science & Technology Co., Ltd.	Registered capital of RMB1 each	PRC/Mainland China	<u>37.125</u>	Manufacture and sale of chemical products

The Group's shareholding in the associate is held through a wholly-owned subsidiary of the Company.

During the year ended 31 December 2024, the associate recorded further losses. The Group discontinued recognising its share of additional losses as its interest in the associate had been reduced to zero and, therefore, the directors are of the opinion that it is not meaningful to disclose the summarised financial information of the associate.

12. TRADE RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	13,188	12,553

Hotel operation revenue is normally settled by cash or credit card. For travel agents and certain corporate customers, the credit period is generally one month. There is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	13,188	11,256
1 to 3 months	–	1,267
Over 3 months	–	30
	<hr/>	<hr/>
Total	13,188	12,553
	<hr/>	<hr/>

The Group applies a simplified approach in calculating ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses have also incorporated forward-looking information. As all of the trade receivables were not past due yet, the expected credit loss are minimal.

13. TRADE PAYABLES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 1 month	4,061	2,625
	<hr/>	<hr/>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

14. EVENTS AFTER THE REPORTING PERIOD

As at the date of approval of the financial statements, there was no material subsequent event undertaken by the Group.

FINAL DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

For the year ended 31 December 2024, revenue of the Group amounted to approximately HK\$323.5 million, representing an increase of approximately 10.2% from the approximately HK\$293.6 million for the Preceding Year. The significant increase in revenue during the Year was mainly attributable to the increase in the revenue contributed by the Paris Marriott Hotel Champs-Elysees (“**Paris Marriott Hotel**”) of the hotel operation segment due to, among other things, the Paris 2024 Summer Olympics.

Regarding the loan to an associate, the Group did not record any provision for impairment during the Year (2023: approximately HK\$8.2 million). Further details regarding the loan to an associate will be provided in the segmental review below.

Regarding the matured three-year convertible bonds (the “**Convertible Bonds**”) subscribed by the Group, the Group received the full repayment of the outstanding principal and accrued interest during the Year. As a result, the Company reversed all provision for impairment on the Convertible Bonds of approximately HK\$12.0 million during the Year (2023: provision for impairment of approximately HK\$11.3 million). Further details regarding the Convertible Bonds will be provided in the segmental review below.

The Group recorded a profit for the Year of approximately HK\$35.8 million, representing a turnaround from a loss of approximately HK\$2.4 million for the Preceding Year. The turnaround from loss to profit during the Year was mainly attributable to i) the increase in the Group’s revenue and gross profit contributed by the Paris Marriott Hotel to approximately HK\$323.5 million and approximately HK\$86.7 million, respectively for the Year (2023: revenue of approximately HK\$293.6 million and gross profit of approximately HK\$70.5 million, respectively); ii) the reversal of the provision for an impairment on the Convertible Bonds subscribed by the Group of approximately HK\$12.0 million resulted from the full repayment of the outstanding Convertible Bonds principal and accrued interest during the Year; iii) the absence of provision for impairment of a loan to an associate for the Year (2023: approximately HK\$8.2 million); but partially offset by, among other things, the provision of income tax of approximately HK\$13.2 million (2023: approximately HK\$3.3 million).

The profit attributable to owners of the Company for the Year was approximately HK\$35.8 million, as opposed to the loss of approximately HK\$2.4 million for the Preceding Year. The basic and diluted earnings per share for the Year was HK0.28 cents, as opposed to the basic and diluted losses per share of HK0.02 cents for the Preceding Year.

The total non-current assets of the Group as at 31 December 2024 amounted to approximately HK\$2,253.4 million, representing a decrease of approximately 8.0% from approximately HK\$2,449.9 million as at 31 December 2023. The decrease in the total non-current assets of the Group during the Year was mainly due to the decrease in the value of property, plant and equipment as a result of the depreciation of Euro against Hong Kong Dollar. The total current assets of the Group as at 31 December 2024 amounted to approximately HK\$1,214.6 million, representing a decrease of approximately 0.3% from approximately HK\$1,218.1 million as at 31 December 2023. The decrease in the current assets of the Group during the Year was mainly due to the decrease in prepayments, other receivables and other assets, and derivative financial instruments, but offset by an increase in cash and cash equivalents.

The total current liabilities of the Group as at 31 December 2024 amounted to approximately HK\$82.5 million, representing a decrease of approximately 94.8% from approximately HK\$1,594.9 million as at 31 December 2023. The decrease in the total current liabilities of the Group during the Year was mainly due to the reclassification of the €175,000,000 bank loan (the “**Loan**”) from current liabilities to non-current liabilities as the Loan had been renewed during the Year. The total non-current liabilities of the Group as at 31 December 2024 amounted to approximately HK\$1,513.8 million, representing an increase of approximately 942.0% from approximately HK\$145.3 million as at 31 December 2023. The increase in the non-current liabilities was mainly due to the reclassification of the Loan from current liabilities to non-current liabilities as the Loan had been renewed during the Year.

Segmental review of the Group’s operations during the Year is as follows:

Hotel Operation

The Group recorded the revenue of approximately HK\$323.5 million from the hotel operation segment, representing an increase of approximately 10.2%, from approximately HK\$293.6 million for the Preceding Year. The increase in revenue of the hotel operation segment for the Year was mainly attributable to the increase in revenue contributed by the Paris Marriott Hotel due to, among other things, the Paris 2024 Summer Olympics.

During the Year, Paris has successfully concluded the 2024 Summer Olympic and Paralympic Games (the “**Olympics Games**”) with flying colours. The Olympic Games have attracted foreign visitors to Paris to experience the lively sports events. The Paris Marriott Hotel was also selected by the New Zealand Team during the Summer Olympic to host the New Zealand House, a meeting point to share the latest news of the Olympic Games to the New Zealand Team supporters. During the Year, the historic monument Notre-Dame de Paris was also re-opening after five years of restoration work following the tragic fire incident in 2019. All these factors, among other things, had led to increase in demand of guestrooms in Paris, leading to an increase in occupancy as well as average room rate, and gross profit of the Paris Marriott Hotel during the Year.

Regarding the EUR175.0 million Loan that had matured during the Year. With reference to the announcement of the Company dated 28 November 2024, the Group had successfully renewed the Loan for the period from 28 November 2024 to 28 November 2027.

Reference is also made to the announcement of the Company dated 15 November 2024. A subsidiary of the Company signed a renovation agreement (the “**Renovation Agreement**”) with a general contractor pursuant to which the general contractor has agreed to carry out the renovation works on the Paris Marriott Hotel between January to December 2025 with the following scope (the “**Renovation**”):

- (i) complete interior refurbishment of 112 rooms on 1st to 7th floor of the Paris Marriott Hotel;
- (ii) replacement of the vertical air conditioning systems within the technical ducts from 1st to 7th floor of the Paris Marriott Hotel;
- (iii) works on the Rue de Ponthieu facade and the interior courtyard;
- (iv) replacement of windows in certain rooms; and
- (v) roofing work.

The Renovation Agreement was approved by shareholders of the Company at the special general meeting held on 31 December 2024. The Renovation will be funded fully by the internal resources of the Group. The Paris Marriott Hotel is partially open and continues to welcome its guests during the Renovation.

The Company recorded a profit of approximately HK\$21.6 million in this segment for the Year, as compared to the profit of approximately HK\$9.0 million for the Preceding Year. The increase in profit from this segment during the Year was mainly attributable to the increase in revenue and gross profit generated by the Paris Marriott Hotel during the Year.

Below is a comparison of the operational performance of the Paris Marriott Hotel during the Year against the Preceding Year.

	2024 (approximately)	2023 (approximately)
Occupancy	82.2%	76.2%
Average Room Rate	€575	€570
RevPAR*	€472	€434

* Revenue per available room

Money Lending

The Group did not record any revenue from this segment during the Year (2023: Nil). The Group recorded a loss of approximately HK\$1.0 million from this segment for the Year, as compared to the loss of approximately HK\$1.0 million for the Preceding Year. There was no mortgage loan receivable as at 31 December 2024 (31 December 2023: Nil).

Equity Investment

Loan to an Associate

As to the loan granted to 北京凱瑞英科技有限公司 (Beijing Chemical Reaction Engineering Science & Technology Co., Limited*) (the “**Associate**”, together with its subsidiaries, the “**Associate Group**”), reference is made to the announcements of the Company dated 19 January 2023, 4 August 2023, 7 September 2023, 5 January 2024, 22 March 2024 and 27 December 2024, the annual reports of the Company for the year ended 31 December 2022 and 31 December 2023, and the interim reports of the Company for the six months ended 30 June 2023 and 30 June 2024 in relation to, among other things, the assets pledged to the Group by one of the companies in the Associate Group (the “**Pledge Associate**”).

On 19 January 2023, the Group made an application to the People’s Court of Leling City, Shandong, the PRC (山東省樂陵市人民法院) (the “**Court**”) to apply for enforcement (the “**Enforcement**”) of pledged assets such that the proceeds could be applied towards repayment of the loan principal, the interest and penalty relating thereto. On 6 September 2023, the Group received a judgment from the Court dismissing the Group’s Enforcement application. The Group was later informed by the Pledge Associate that it has submitted an application to the Court for liquidation restructuring (破產重整), and the Court has (i) granted an order approving commencement of the pre-reorganisation procedures (預重整程序) of the Pledge Associate; and (ii) granted an order appointing the liquidation team (清算組) of the Pledge Associate as the provisional administrator (臨時管理人) of the said pre-reorganisation. Later, the Group had further been informed that the Pledge Associate’s creditors have approved of a proposal of pre-reorganisation (the “**Proposal**”). Pursuant to the Proposal, the existing shareholding interests in the Pledge Associate might be subject to dilution, whereby current sole shareholder of the Pledge Associate holding 100% shareholding might be diluted to 70% shareholding as a maximum. As at the date of this announcement, the Group is indirectly interested in 37.125% of the equity interests of the Pledge Associate. Accordingly, upon implementation of the Proposal in full, the Group’s interests might be diluted. The loan to the Associate and pledged assets as held by the Group, however, are not covered by the Proposal and therefore the Group’s rights thereunder will not be affected by implementation of the Proposal. The Company will keep its shareholders and investors informed of any material development relating to the Proposal, and will publish relevant announcements as and when appropriate in accordance with the Listing Rules.

During the Year, the Company did not record any provision for impairment on the loan to the Associate (2023: provision for impairment of approximately HK\$8.2 million).

Other Investment

Convertible Bonds

Reference is made to the announcement of the Company dated 24 November 2023, 20 May 2024, the annual report of the Company for the year ended 31 December 2023, and the interim report of the Company for the six months ended 30 June 2024, in relation to among other things, on the remaining unpaid principal amount of the Convertible Bonds. Reference is also made to the announcement of the Company dated 20 December 2024, where it has announced that the Group had received the full repayment of the unpaid principal amount and accrued interest of the Convertible Bonds.

During the Year, the Group recorded the interest of approximately HK\$6.5 million from the Convertible Bonds (2023: approximately HK\$7.8 million).

PROSPECTS

Paris is one of the world's best city destinations for, amongst others, tourists from the United States and the Middle East. The continuous influx of tourists provides a stable customer base for hotels in Paris. At the same time, the outlook of the Paris Marriott Hotel will be challenging due to a number of factors, such as the continuous increase in the supply of new hotels in Paris; the consumer price index in France remaining high; the ongoing geopolitical tension between Ukraine and Russia; and the adoption of new laws on renewable energy, carbon-neutral and climate related policies in France.

In the meantime, the Board will closely monitor the progress of the renovation of the Paris Marriott Hotel.

Money Lending

The Board considers Hong Kong's mortgage loan market will remain challenging, being heavily competitive with uncertain prospects. The Board would exercise the utmost caution when conducting mortgage loan business in Hong Kong.

Equity Investment

The Company will keep its shareholders and investors informed of any material development, and will publish relevant announcements as and when appropriate in accordance with the Listing Rules.

LOOKING AHEAD

The Board will concurrently review the Group's portfolio to restructure and enhance the quality of assets held. The Board will also continue to explore investment opportunities from new business segments with a view to enhancing and improving returns to the Company's stakeholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, total assets and net assets of the Group were approximately HK\$3,468.0 million and HK\$1,871.7 million respectively (31 December 2023: approximately HK\$3,668.0 million and HK\$1,927.8 million, respectively). The cash and bank balance of the Group as at 31 December 2024 were approximately HK\$994.5 million, and were denominated in Hong Kong dollar, Euro, United States dollar and Renminbi (31 December 2023: approximately HK\$884.2 million). The total current assets of the Group as at 31 December 2024 were approximately HK\$1,214.6 million (31 December 2023: approximately HK\$1,218.1 million). As at 31 December 2024, the Group had net current assets of approximately HK\$1,132.1 million (31 December 2023: net current liabilities of approximately HK\$376.8 million). The Group adopted a conservative treasury approach and had tight control over its cash management. As at 31 December 2024, the Group had outstanding bank loans and other borrowings amounted to approximately HK\$1,379.1 million¹ (31 December 2023: approximately HK\$1,502.7 million), none of which were due within one year (31 December 2023: all of which were due in one year). As at 31 December 2024, the Group's gearing ratio (total borrowings/total assets) was approximately 39.8% (31 December 2023: approximately 41.0%). The Group constantly monitors its cash flow position, maturity profile of borrowings, availability of banking facilities, gearing ratio and interest rate exposure. Borrowing requirements are not seasonal as they tend to follow the pattern of capital expenditure and investment.

During the Year, the Group had entered into two interest rate swap agreements with a notional amount of EUR175,000,000 whereby it received interest at a variable rate equal to the Europe Interbank Offered Rate ("EURIBOR") on the notional amount and paid interest at a fixed rate of 2.123% (2023: 0.19%). The interest rate swap is designated as a hedging instrument to hedge the exposure to changes in future cash outflows of interest arising from a bank loans of the same amount.

(1) Approximately HK\$1,379.1 million (equivalent to €175,000,000) at the interest rate of 3 months EURIBOR plus 2.5% per annum.

ACQUISITIONS AND DISPOSALS

During the Year, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures.

FOREIGN EXCHANGE EXPOSURE

The Group had operations in France, Luxembourg, the People's Republic of China (the "PRC") and Hong Kong where transactions and cash flow were denominated in local currencies, including Euro, Renminbi, United States dollars and Hong Kong dollars. As a result, the Group was exposed to foreign currency exposure with respect to Euro and Renminbi, which mainly occurred from conducting daily operations and financing activities through local offices where local currencies were different from the Group. For the year ended 31 December 2024, the Group had not entered into any forward contracts to hedge the foreign exchange exposure. The Group managed its foreign exchange risks by performing regular review and monitoring of foreign exchange exposure. The Group would consider employing foreign exchange hedging arrangements when appropriate and necessary.

CONTINGENT LIABILITIES

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

PLEDGE ON THE GROUP'S ASSETS

As at 31 December 2024, cash deposits amounting to approximately HK\$38.3 million (31 December 2023: approximately HK\$33.1 million) and a building of the Group with a net carrying amount of approximately HK\$2,189.1 million (31 December 2023: approximately HK\$2,376.5 million) were pledged to secure bank loan granted to the Group.

EMPLOYEES AND REMUNERATION

The Group had 9 employees as at 31 December 2024 (31 December 2023: 6). The total employee remuneration during the Year was approximately HK\$8.2 million (31 December 2023: approximately HK\$7.9 million). Remuneration policies were reviewed regularly to ensure that compensation and benefits packages were in line with market level. In addition to basic remuneration, the Group also provided other employee benefits including bonuses, mandatory provident fund scheme, medical insurance scheme and participation in the share option scheme.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Year, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE REPORT

The Board and the management of the Company are committed to maintaining high standards of corporate governance. Continuous efforts are made to review and enhance the Group's internal control policy and procedures in light of local and international developments to instill best practices.

The Board has set up procedures on corporate governance that comply with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") on corporate governance practices based on the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to Listing Rules.

The Company had complied with the code provisions of the CG Code throughout the year ended 31 December 2024 with the following deviations:

- C.2.1 The Company does not have a Chairman. No replacement appointment of the Chairman of the Board was made during the Year. The role and responsibilities of the Chairman on governance matters of the Company were shared between the executive Directors during the Year. The Company will publish an announcement once an appointment has been made in accordance with the Listing Rules.
- F.2.2 The Company does not have a Chairman, an executive Director, Mr. Law Wing Chi, Stephen, was elected to chair the annual general meeting of the Company held on 3 June 2024 and the special general meeting of the Company held on 31 December 2024 in accordance with the Bye-laws.

The Board will keep these matters under review.

Following sustained development and growth of the Company, we will continue to monitor and revise the Company's corporate governance policies in order to ensure that such policies meet the general rules and standards required by the shareholders of the Company.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises four independent non-executive Directors namely Mr. Tam Sun Wing (Chairman), Mr. Ng Ge Bun, Mr. He Yi and Ms. Kwok Pui Ha. The Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed risk management and internal control systems and matters. The Audit Committee is satisfied with the Group’s internal control procedures and financial reporting disclosures. The annual results for the year ended 31 December 2024 have been reviewed by the Audit Committee and the auditors of the Group.

AUDITOR’S PROCEDURES PERFORMED ON THE RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this results announcement have been agreed by the Group’s auditor, Ernst & Young, to the amounts set out in the audited consolidated financial statements of the Group for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this results announcement.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) has been set up with written terms of reference in accordance with the requirements of the Listing Rules, amongst other things, to make recommendations to the Board on the Company’s remuneration policy and structure for all directors and senior management. The Remuneration Committee comprises one executive Director namely Mr. Law Wing Chi, Stephen, and four independent non-executive Directors namely Mr. Tam Sun Wing (Chairman), Mr. He Yi, Mr. Ng Ge Bun and Ms. Kwok Pui Ha.

NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) has been set up with written terms of reference in accordance with the requirements of the Listing Rules, amongst other things, to review the structure, size and composition of the Board. The Nomination Committee currently consists of one executive Director namely Mr. Law Wing Chi, Stephen and four independent non-executive Directors namely Mr. Ng Ge Bun (Chairman), Mr. He Yi, Mr. Tam Sun Wing and Ms. Kwok Pui Ha.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix C3 to the Listing Rules. The Company, having made specific enquiry, has confirmed with the Directors that they have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (www.kaiyuanholdings.com). The annual report of the Company for the year ended 31 December 2024 containing all information required by Appendix D2 to the Listing Rules will be despatched to the shareholders of the Company and made available for review on the same websites in due course.

By order of the Board
Kai Yuan Holdings Limited
Mr. Law Wing Chi, Stephen
Executive Director

Hong Kong, 31 March 2025

As at the date of this announcement, the Board comprises Mr. Xue Jian and Mr. Law Wing Chi, Stephen (both being executive Directors), and Mr. Tam Sun Wing, Mr. Ng Ge Bun, Mr. He Yi and Ms. Kwok Pui Ha (all being independent non-executive Directors).