Great China Holdings (Hong Kong) Limited

大中華控股(香港)有限公司

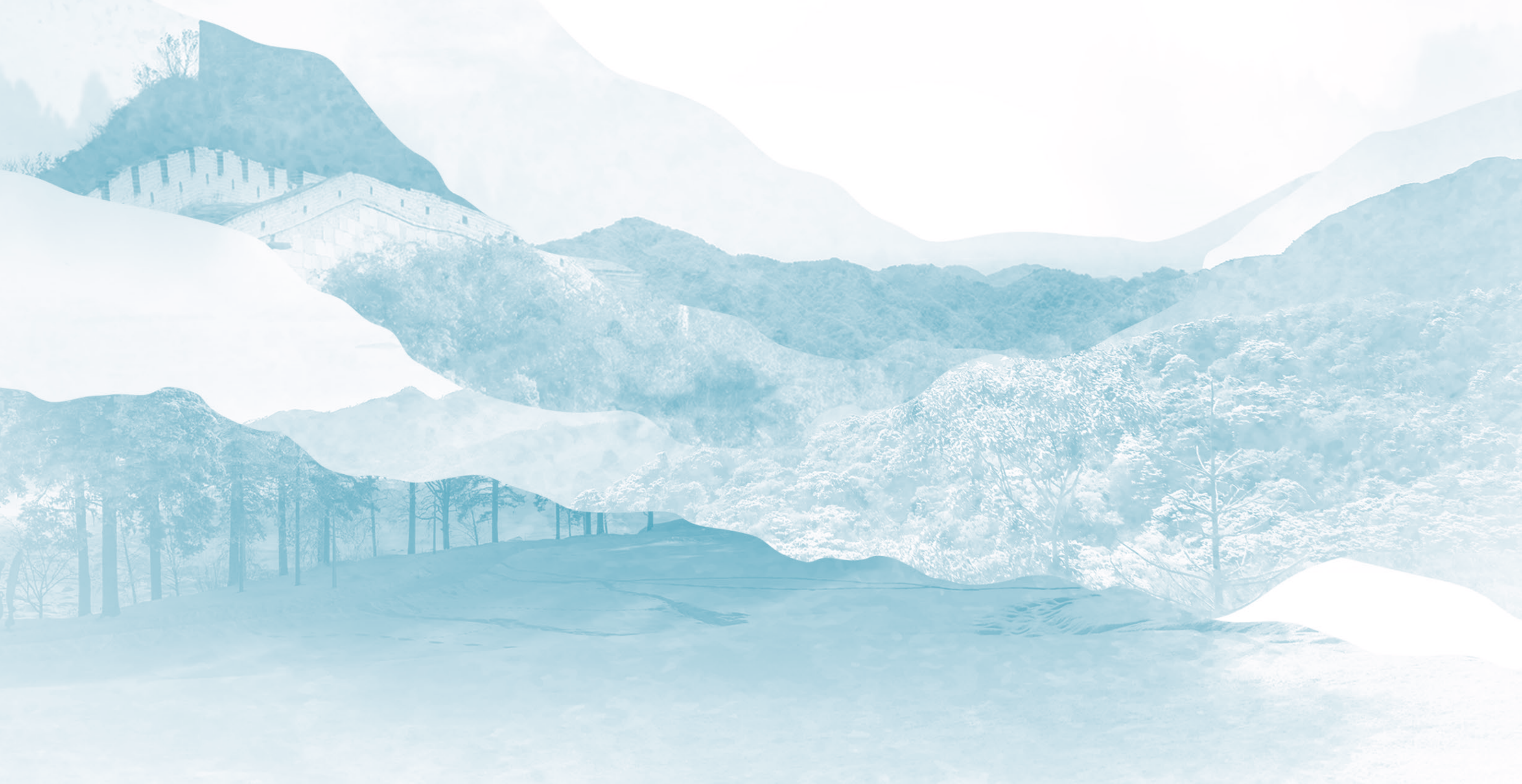
(Incorporated in Hong Kong with limited liability)

Stock Code: 00021

Annual Report

2024

CONTENTS



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Huang Shih Tsai *(Chairman)*
Ms. Huang Wenxi *(Chief Executive Officer)*

Non-executive Director

Mr. Li Zhizhen

Independent Non-executive Directors

Mr. Cheng Hong Kei
Mr. Leung Kwan, Hermann
Mr. Wang Hongxin Charles

AUDIT COMMITTEE

Mr. Cheng Hong Kei *(Chairman)*
Mr. Leung Kwan, Hermann
Mr. Wang Hongxin Charles

REMUNERATION COMMITTEE

Mr. Cheng Hong Kei *(Chairman)*
Mr. Huang Shih Tsai
Mr. Leung Kwan, Hermann
Mr. Wang Hongxin Charles

NOMINATION COMMITTEE

Mr. Huang Shih Tsai *(Chairman)*
Mr. Cheng Hong Kei
Mr. Wang Hongxin Charles

AUDITOR

Forvis Mazars CPA Limited

SHARE REGISTRAR

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

LEGAL COUNSEL

Robertsons

PRINCIPAL BANKS

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

REGISTERED OFFICE

Room 6668, 66/F.
The Center
99 Queen's Road Central
Hong Kong

WEBSITE

www.greatchinaproperties.com

DIRECTORS AND SENIOR MANAGEMENT PROFILES

EXECUTIVE DIRECTORS

Mr. Huang Shih Tsai, aged 73, has been the Non-executive Director since 29 June 2007 and was re-designated to Executive Director on 5 April 2013. He is the chairman of the Group and the Nomination Committee of the Company and is also a member of the Remuneration Committee of the Company. Mr. Huang is the founder and chairman of the board of Great China International Investment (Groups) Limited ("Great China Groups"), which is currently involved in various businesses in property development, hotel management, financial consultancy, trust management, trading, department stores, ports and logistics. The businesses of Great China Groups cover major cities nationwide.

Mr. Huang was honoured as the pioneer for urbanisation of rural areas when he introduced the concept of "Property Acquisition for Resident Right" first in Longzhu Garden project. He developed the concept of "Removing boarder between Shenzhen and Hong Kong" in Hui Zhan Ge project and developed properties along the boarder. He was recognised as the pioneer in "Sales of Properties to non-residents" and hotel style service apartment. Through Great China International Exchange Square, he was known as the pioneer to develop the Central Business District in Shenzhen. Mr. Huang has made significant contributions to the reform and opening-up of Shenzhen.

Mr. Huang was the only Outstanding Chinese Entrepreneur as the representative to participate the 60th Anniversary of United Nation. He is the executive vice-president of the United World Chinese Association (世界華人協會), the executive vice-president of the China Enterprise Directors Association (Shenzhen) (中國企業家協會(深圳)), the vice-president of Guangdong Provincial Association of Culture (廣東省文化學會), the vice-president of Federation of Shenzhen Industries (深圳工業總會), the managing director of Global Foundation of Distinguished Chinese Limited (世界傑出華人基金會), and the president of Yan Huang Chinese Straits Entrepreneurs Association (炎黃海峽兩岸三地企業家交流協會).

Mr. Huang is the father of Ms. Huang Wenxi, the Executive Director and the Chief Executive Officer of the Company.

Ms. Huang Wenxi, aged 40, has been an Executive Director since 29 June 2007, is also the Chief Executive Officer of the Company. Ms. Huang holds a Bachelor's degree in Business Administration from the University of Wisconsin-Madison, a Master of Science Degree in Global Finance from New York University and a MBA from Yale University. Currently, Ms. Huang is also the chief executive officer of Great China International Group Hotel Management Limited, a company provides hotel management services which owns and sets up Shenzhen Great China Hilton Hotel and Sheraton Shenzhen Futian Hotel, both of which are 5-star international hotels located in Shenzhen, China.

Ms. Huang is the daughter of Mr. Huang Shih Tsai, the Executive Director and Chairman of the Group.

NON-EXECUTIVE DIRECTOR

Mr. Li Zhizhen, aged 44, was appointed as the Non-executive Director of the Company on 1 January 2024. Mr. Li was the executive director of Zhenghe International (Hong Kong) Group Co., Limited from October 2015 to August 2020. He was the vice president of Morgan Stanley Huaxin Securities Company Limited (now known as Morgan Stanley Securities (China) Co., Ltd.) from November 2012 to October 2014 and was the capital operation consultant of Microlink Group from August 2009 to September 2011. Mr. Li was awarded a postgraduate certificate in Engineering Business Management from the University of Warwick in November 2004.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Hong Kei, aged 70, has been an Independent Non-executive Director since 8 June 2006 and is the Chairman of the Audit Committee and Remuneration Committee of the Company, as well as a member of the Nomination Committee of the Company. Mr. Cheng studied accountancy in Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University). He is a fellow member of the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. He is a co-founding director of Cheng & Cheng Limited and had worked as an assessor for the Hong Kong Inland Revenue Department for 12 years. He has over 35 years of experience in accounting and taxation. Currently, Mr. Cheng is also an independent non-executive director of Famous Tech International Holdings Limited and Gilston Group Limited, both of which are listed companies in Hong Kong.

Mr. Leung Kwan, Hermann, aged 63, has been an Independent Non-executive Director since 8 June 2006 and is a member of the Audit Committee and Remuneration Committee of the Company. Mr. Leung holds a Bachelor's degree in Social Sciences from the University of Hong Kong. He is a solicitor of the Hong Kong Special Administrative Region and is a partner of D.S. Cheung & Co., Solicitors. He is also a China-Appointed Attesting Officer. Mr. Leung has almost 30 years of experience in legal work relating to civil litigation, commercial litigation, copyright and conveyancing.

Mr. Wang Hongxin Charles, aged 56, was appointed as the Independent Non-executive director of the Company on 2 June 2023. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Wang is the chairman of 深圳道樸資本管理有限公司 (Shenzhen Academia Capital Management*), an onshore hedge fund based in Shenzhen which runs various China A-share quantitative investment strategies in China, since 2016. Currently, Mr. Wang is also the independent non-executive director of Macau Legend Development Limited, the shares of which are listed on the Stock Exchange.

Mr. Wang had almost 30 years of global investment experience in the United States and China. From 2000 to 2010, he held various senior positions at Putnam Investments and Acadian Asset Management ("Acadian") in the United States, including the roles of senior portfolio manager and senior partner at Acadian during which Acadian Global Emerging Markets Fund, under his supervision, ranked top in the investment yield from 2000 to 2009. After coming back to China, he served as the chief executive officer at E Fund Management (Hong Kong) between 2010 and 2012, and the chief investment officer at Bosera Asset Management (Shenzhen) between 2012 and 2015. He founded his own hedge fund company in China in 2015. In addition, Mr. Wang has been undertaking multiple social responsibilities. He was the president of The Chinese Finance Association in the United States and a member of Shenzhen People's Congress in China. Mr Wang is currently the president of the Shenzhen Financial Professionals Association.

Mr. Wang received a bachelor's degree in Mathematics from Peking University, a master degree in Applied Mathematics from University of Massachusetts Amherst, and a doctoral degree in Finance from Yale University.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual results of Great China Holdings (Hong Kong) Limited (the "Company" or "Great China Holdings", together with its subsidiaries, the "Group") for the year ended 31 December 2024.

FINANCIAL REVIEW HIGHLIGHTS

For the year ended 31 December 2024, the Group recorded a turnover of approximately HK$132.58 million, representing an increase of approximately 456% as compared to the turnover of approximately HK$23.84 million for last year. The increase in turnover was mainly resulted from the increase in areas delivered in the sales of properties.

Profit attributable to owners of the Company was approximately HK$17.11 million for the year ended 31 December 2024 compared to the loss attributable to the owners of Company of approximately HK$4.04 million for last year. This was mainly attributable to the increase in turnover and exchange gain arising from the translation of the Group's financial liabilities and the decrease in administrative and operating expenses during the year, which partially off-set the increase in the fair value loss on investment properties.

BUSINESS REVIEW

In 2024, the sales and pre-sales of phase 1, phase 2 and phase 3 of the residential portion of Jin Bao Cheng Project (also known as Shanwei No. 1) of the Group, which was located in Shanwei City, Guangdong Province, the PRC, continued. Sale proceeds of the project have been gradually recognized as revenue under relevant accounting policy, and reflected in the financial statements for the year. Pre-sale permit for phase 1 properties of Gold Coast Project has been obtained. It is currently expected that the pre-sale of Gold Coast Project will commence in 2025, depending on the market conditions.

BUSINESS OUTLOOK

The PRC property development industry is facing extreme difficulty and uncertainty in recent years. It has put forward higher requirements for the Company in terms of its future strategy planning. The Group will review and adjust its development and sales schedule in accordance with the market conditions and the overall environment. The Group's business and future strategy will continue to be focusing on mid-end and high-end commercial and tourism property development and investment. Riding on its solid foundation, the Group remains on the lookout for high quality and cost effective investment opportunities to enhance investment returns, as well as gradually diversify its income source.

APPRECIATION

I would like to express my sincere appreciation to all Directors and staff members for their contribution to the development of Great China Holdings over the year. I would also like to thank our shareholders and investors for their support and trust. Great China Holdings will adhere to its vision: "Build a Better Chinese Community in Greater China: Set in Asia to Build in the World for a Better Home", with a view to establishing itself as China's leading developer of commercial and residential real estates as well as tourism properties, and thus creating sustainable investment returns for our shareholders and investors with outstanding performance.

Mr. Huang Shih Tsai
Chairman
Hong Kong, 31 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2024, the Group recorded a turnover of approximately HK$132.58 million, representing an increase of approximately 456% as compared to the turnover of approximately HK$23.84 million for last year. The increase in turnover was mainly resulted from the increase in areas delivered in the sales of properties.

Profit attributable to owners of the Company was approximately HK$17.11 million for the year ended 31 December 2024 compared to the loss attributable to the owners of Company of approximately HK$4.04 million for last year. This was mainly attributable to the increase in turnover and exchange gain arising from the translation of the Group's financial liabilities and the decrease in administrative and operating expenses during the year, which partially off-set the increase in the fair value loss on investment properties.

BUSINESS REVIEW

Property Development and Investment Business

The Gold Coast Project

The Company, through its indirect wholly-owned PRC subsidiary, owns a resort located in 中國廣東省汕尾市海豐縣鮜門鎮百安半島 (Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC*) (the "Gold Coast Resort"). Development of the Gold Coast Project will be divided into two phases with an aggregated gross floor area of approximately 430,000 sq.m. The first phase of the project comprises high block residential buildings with car parks while the second phase of the project comprises high block residential buildings, villas and serviced apartments etc.

As at the date of this announcement, pre-sale permit for phase 1 properties has been obtained. The Company has set up a sales center and show room for phase 1 which will be opened soon. The construction plan for phase 2 is currently being vetted by the relevant bureau of Shenzhen-Shanwei Special Cooperation Zone. Construction of phase 2 will be commenced once the plan is being approved.

The Tanghai County Project

The Group has acquired 99.99% of equity interest of 唐山市曹妃甸區中泰信和房地產開發有限公司 (Tangshan Caofeidian Zhongtai Xinhe Real Estate Company Limited*) ("Tangshan Caofeidian") ("Tanghai Acquisition") in January 2013, the major asset of which consists of the right of use of 唐海縣七農場通港水庫內側2號及3號島 (Nos. 2 and 3 Island inside Tonggang Reservoir of the Seventh Farm in Tanghai County*).

The Group has paid a total sum of approximately RMB92.49 million as consideration of the Tanghai Acquisition. The vendors of Tangshan Caofeidian are subject to pay the PRC individual income tax derived from the transfer of the equity interest of Tangshan Caofeidian. At the date of completion of the Tanghai Acquisition, such PRC individual income tax had not been settled. It was agreed by the vendors that they will not require the Company to pay the remaining portion of the consideration of RMB12 million until the outstanding PRC individual income tax is settled by them.

The Group has appointed several external firms to conduct reconnaissance and began designing work. At the date of this announcement, the piling of the town house and the construction of the clubhouse in phase, and the basic construction of villas of phase 2 was completed. It was noted that the local government of the Tanghai Country Project has granted the area where the Tanghai Country Project locates as a natural reserve area thus the Company's original planning of the project may need to be modified in accordance with the local government's guideline. The Company is actively discussing with the local government regarding the overall planning of the project.

The Daya Bay Project

The Company, through its indirect wholly-owned PRC subsidiary, owns 東方新天地大廈 (Eastern New World Square*), which is a comprehensive property development project with a total gross floor area of approximately 69,171.7 sq.m. located at 中國廣東省惠州市大亞灣澳頭鎮中興中路一號 (No.1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, the PRC*). During the year ended 31 December 2024, rental income of approximately HK$1.41 million from commercial outlets and car park of Eastern New World Square (2023: approximately HK$2.49 million).

The Shanwei Projects

On 16 October 2013, the Group completed the acquisition of Jin Bao Cheng Project and Hong Hai Bay Project through a wholly-owned subsidiary of the Company from Mr. Huang Shih Tsai, the chairman and executive director of the Company. The details of Jin Bao Cheng Project and Hong Hai Bay Project are set out as below:

(1) Jin Bao Cheng Project

Jin Bao Cheng Project contains two parcels of land located on 中國廣東省汕尾市區汕尾大道 (Shanwei Main Road, Shanwei City, Guangdong Province, the PRC*), with a total site area of approximately 50,656 sq.m. and three 12-storey close to completion residential blocks erected thereon, among which, (a) one parcel of land is located at the vicinity of 汕尾大道香洲頭地段西側與紅海大道交界口 (the junction of the western side of Shanwei Main Road, Xiangzhoutou Section and Honghai Main Road*), and (b) one parcel of land is located at the vicinity of 汕尾大道荷包嶺段西側實力汽車修配廠後面與紅海大道交界口 (the junction of the western side of Shanwei Main Road, Hebaoling Section, behind the Shili Car Repair Factory and Honghai Main Road*).

Jin Bao Cheng Project is a residential and commercial complex. Sales and pre-sales of phase 1, phase 2 and phase 3 of the residential portion of Jin Bao Cheng Project was commenced. The sales of properties in Jin Bao Cheng Project of approximately HK$122.32 million was recognised as revenue for the year ended 31 December 2024 (2023: approximately HK$13.02 million) and approximately HK$52.26 million was received from pre-sales of Jin Bao Cheng Project as contract liabilities at 31 December 2024 (31 December 2023: approximately HK$113.55 million).

(2) Hong Hai Bay Project

Hong Hai Bay Project contains four parcels of land located at the vicinity of the junction of No. S241 Province Road and No. X141 County Road Shanwei City, Guangdong Province, the PRC with a total site area of approximately 273,534.2 sq.m., among which, (a) one parcel of land is located on 遮浪南澳旅遊區「湖仔山」東側 (the east of Wuzishan, Zhelang Nanao Tourist Area*), (b) one parcel of land is located on 遮浪街道宮前南澳路東 (Gongqian Nanao Road East, Zhelangjiedao*); and (c) two parcels of land are located on 遮浪街道南澳旅遊區灣灘坑 (Wantankeng, Zhelangjiedao Nanao Tourist Area*). Currently, the development of Hong Hai Bay Project is suspended. The Company is re-evaluating the Hong Hai Bay Project's positioning. The Company may commence the project development as and when appropriate, depending on market condition, the Group's resource allocation and the local government's development guideline.

In 2020, 中建二局第三建築工程有限公司 (the "Contractor"), a contractor of the Hong Hai Bay Project, had filed a civil suit to Shanwei Intermediate People's Court (汕尾市中級人民法院) (the "Intermediate Court") against the Group for terminating the construction agreements entered with the Group and claim for a total amount of approximately RMB48.5 million, comprising the alleged incurred construction cost and the related interest of approximately RMB15.8 million, the potential profit of the remaining work under the construction agreement of approximately RMB12.7 million and the idle time cost of approximately RMB20.0 million. One of the land parcels of Hong Hai Bay Project was seized by the Court. With reference to a legal opinion from the PRC lawyer, the Group may be liable for paying the outstanding construction cost that actually incurred which shall be determined by the Court in accordance with evidence submitted by both parties but not the amount claimed by the Constructor which has no reasonable ground. Also, 汕尾大中華國際實業有限公司 is still entitled to the ownership of the seized land. Notwithstanding the above, with best and conservative estimation by the management of the Group, the Company provided in profit or loss of approximately RMB14.0 million (equivalent to approximately HK$15.8 million) claimed by the Constructor for the alleged outstanding construction cost during the year ended 31 December 2020.

During the year ended 31 December 2023, the Intermediate Court issued a final judgement in relation to the civil case which require the Group to pay the Constructor for a total of approximately RMB18.5 million (equivalent to approximately HK$20.3 million). Subsequently, the Group has lodged an appeal against the judgement to the High People's Court of Guangdong Province (the "High Court") and it was accepted by the High Court.

For the year ended 31 December 2024, the High Court has issued a judgement and required the Group to pay the Constructor for a total of approximately RMB16.7 million (equivalent to approximately HK$18.1 million). The Group has subsequently lodged a written retrial petition to the The Supreme People's Court of the People's Republic of China and is pending for the hearing.

The Heqing Project

On 16 December 2013, the Company and its wholly owned subsidiary, Great China Properties (Shanghai) Limited, entered into a cooperation agreement with Greenland Hong Kong Holdings Limited ("Greenland HK") and its subsidiaries, pursuant to which the parties to the cooperation agreement conditionally agree to jointly develop the two parcels of land located in Shanghai, the PRC (the "Land"), among which (a) 上海浦東新區合慶鎮，四至範圍東至13-02地塊，西至上海市慶利路，南至13-02地塊，北至上海市環慶南路 (one parcel of land with boundaries East to land with Lot No. 13-02, West to Qingli Road, South to land with Lot No.13-02, North to South Huanqing Road, Heqing Town, Pudong New Area, Shanghai, the PRC*); and (b) 上海浦東新區合慶鎮，四至範圍東至14-03地塊，西至上海市凌楊路，南至14-03地塊，北至上海市環慶南路 (one parcel of land with boundaries East to land with Lot No. 14-03, West to Lingyang Road, South to land with Lot No. 14-03, North to South Huanqing Road, Heqing Town, Pudong New Area, Shanghai, the PRC*). The Land is used for commercial and office purposes.

On 10 January 2014, all the conditions precedent under the cooperation agreement had been satisfied and completion took place on the same date. Upon completion, each of the Company and Greenland HK holds a 50% stake in the project. The investment has been accounted for as interest in an associate using the equity method from the date of completion and loan receivable from an associate. Details please refer to the announcement of the Company dated 16 December 2013 and the circular of the Company dated 30 January 2014. Development of the Heqing Project were completed.

MANAGEMENT DISCUSSION AND ANALYSIS

In January 2025, the Company has received a civil complaint (the "Complaint") issued by The First Intermediate People's Court of Shanghai (上海市第一中級人民法院) (the "Court"), informing that the Court has accepted the case filed by the Company as the plaintiff (the "Plaintiff") against Greenland HK and 上海合茂房地產發展有限公司, an associate of the Company, as the defendants (the "Defendants") in respect of the shareholder's loan under the cooperation agreement.

Based on the Complaint, the claims (the "Claims") alleged by the Plaintiff under the Complaint are to request the Defendants to pay to the Plaintiff the shareholder's loan of approximately RMB123.9 million (equivalent to approximately HK$134.2 million), the relevant interests and all litigation costs of this case to be borne by the Defendants.

CONNECTED TRANSACTION – PROPERTY LEASE AGREEMENTS

On 1 March 2024, (i) 滙通天下控股(中國)有限公司 (Waytung Global Holding (China) Limited*) ("Waytung China") and 大中華國際集團(中國)有限公司 (Great China International Group Limited*) ("GCI") entered into the Property Leasing Agreement I; (ii) 大中華實業(惠州)有限公司 (Great China Enterprises (Huizhou) Limited*) ("Great China (Huizhou)") and GCI entered into the Property Leasing Agreement II; and (iii) 汕尾市大中華實業有限公司 (Shanwei Great China Enterprises Limited*) ("Great China (Shanwei)") and GCI entered into the Property Leasing Agreement III. In accordance with HKFRS 16 "Leases", the Group had recognised right-of-use assets in its consolidated statement of financial position in respect of the leased properties under the Property Lease Agreements.

Each of Waytung China, Great China (Huizhou) and Great China (Shanwei) is a wholly-owned subsidiary of the Company. GCI is indirectly wholly-owned by Mr. Huang Shih Tsai, the executive Director, controlling shareholders and chairman of the Group. As such, GCI is a connected person to the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Property Lease Agreements constitute a one-off connected transaction of the Company.

According to the Property Lease Agreements, (i) Waytung China shall pay a monthly rental of RMB28,000; (ii) Great China (Huizhou) shall pay a monthly rental of RMB43,600; and (iii) Great China (Shanwei) shall pay a monthly rental of RMB93,000. The Property Leasing Agreements expired on 31 March 2025. Please refer to the announcement of the Company dated 1 March 2024 for details of the transactions.

BUSINESS OUTLOOK

The PRC property development industry is facing extreme difficulty and uncertainty in recent years. It has put forward higher requirements for the Company in terms of its future strategy planning. The Group will review and adjust its development and sales schedule in accordance with the market conditions and the overall environment. The Group's business and future strategy will continue to be focusing on mid-end and high-end commercial and tourism property development and investment. Riding on its solid foundation, the Group remains on the lookout for high quality and cost effective investment opportunities to enhance investment returns, as well as gradually diversify its income source.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, bank balances and cash of the Group amounted to approximately HK$32.76 million (31 December 2023: approximately HK$46.47 million). The Group's total current assets as at 31 December 2024 amounted to approximately HK$801.87 million, which comprised properties held for sale, trade receivables, prepayments, deposits and other receivables, cash and bank balances. The Group's total current liabilities as at 31 December 2024 amounted to approximately HK$1,132.33 million, which comprised trade payables, other payables and accruals, promissory notes, lease liabilities, amounts due to related companies, amounts due to substantial shareholders and tax payables. As at 31 December 2024, the Group's gearing ratio, defined as interest-bearing liabilities divided by total equity, was approximately 2.5% (31 December 2023: 3.0%).

CAPITAL COMMITMENT

As at 31 December 2024, the Group had a total capital commitment of approximately HK$398.81 million (31 December 2023: approximately HK$465.95 million), contracted for but not provided in the consolidated financial statements, which comprised (i) approximately HK$196.33 million (31 December 2023: approximately HK$256.57 million) in respect of the construction and development of properties and (ii) approximately HK$202.48 million (31 December 2023: approximately HK$209.37 million) in respect of the loan contributions payable to an associate.

EXCHANGE RATES EXPOSURE

The Group derives its turnover, makes purchases and incurs expenses denominated mainly in RMB and HK$. The majority of assets and liabilities are denominated in RMB and HK$ and there are no significant assets and liabilities denominated in other currencies. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of HK$ or RMB may have an impact on the operating results of the Group. The exchange rate of RMB to HK$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITIONS AND DISPOSALS

The Group made no significant investment and material acquisitions and disposals during the year ended 31 December 2024.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group has contingent liabilities of approximately RMB155.63 million (equivalent to approximately HK$164.99 million) (2023: approximately RMB153.59 million (equivalent to approximately HK$168.37 million)) of which the Group has given guarantees of approximately RMB155.63 million (equivalent to approximately HK$164.99 million) (2023: approximately RMB153.59 million (equivalent to approximately HK$168.37 million)) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that, in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore the guarantees have not been recognised in the consolidated financial statements for the years ended 31 December 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGES ON ASSETS

As at 31 December 2024, the Group did not charge any of its assets (31 December 2023: Nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there is no significant subsequent event after the reporting period.

EMOLUMENT POLICY

The emoluments of the employees of the Group are determined on the basis of their merit, qualification and competence. The management's remuneration proposals are reviewed and approved by the remuneration committee with reference to the Board's corporate goals and objectives. The emoluments of the directors and senior management of the Company are determined by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics.

As at 31 December 2024, the Group employed 81 employees (excluding directors) (31 December 2023: 62 employees) and the related staff costs amounted to approximately HK$18.52 million (2023: approximately HK$15.79 million). Staff remuneration packages, which are reviewed annually, include salary/wage and other benefits, such as medical insurance coverage, provident fund and share options.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board of directors (the "Board") of Great China Holdings (Hong Kong) Limited (the "Company") has been committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group") in order to enhance the transparency in disclosure of material information. The Board considers such commitment is essential for internal management, financial management and protection of shareholders' interest and believes that maintaining a high standard of corporate governance benefits all shareholders, investors, and its business as a whole. The Company has applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period for the year ended 31 December 2024.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiries of all Directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

THE BOARD OF DIRECTORS

The Board is responsible for reviewing, evaluating and finalising the Company's strategies and policies, annual budgets, business plans and performance, and has full access to adequate, reliable and timely information on the Group so as to enable them to make a timely decision. It also has the collective responsibility for leadership and control of, and for promoting the success of, the Group by directing and supervising the Group's affairs.

One of the roles of the Board is to protect and enhance shareholders' value. The Board acts with integrity and due care for the best interests of the Company and its shareholders. Leading the Group in a responsible and effective manner, the Board adopts formal terms of reference which detail its functions and responsibilities, including, but not limited to, ensuring competent management, approving objectives, strategies and business plans and monitoring integrity in the Company's conduct of affairs. The management is obliged to supply the Board with adequate information in a timely manner to enable the members to make informed decisions and to discharge their duties and responsibilities. Each director has separate and independent access to the Group's senior management to acquire more information and to make further enquiries if necessary.

The Board is also responsible for performing the corporate governance duties of the Company. The duties of the Board on corporate governance functions includes developing and reviewing the Group's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management and reviewing the Group's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Board currently comprises two Executive Directors, namely Mr. Huang Shih Tsai and Ms. Huang Wenxi; one Non-executive Director, namely Mr. Li Zhizhen; and three Independent Non-executive Directors, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Wang Hongxin Charles. Mr. Huang Shih Tsai is the father of Ms. Huang Wenxi. The Company will continue in seeking right candidates for board members so as to achieve a balanced and diversified composition of the Board which can effectively exercise independent judgement.

Each director has different professional and industrial experience, which enable them to make valuable and diversified advice and guidance to the Group's activities and development. Details of the background and qualifications of the directors of the Company are set out on pages 3 to 4 of this annual report. The Company has received, from each of the Independent Non-executive Director, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the Independent Non-executive Directors are independent.

Candidates to be nominated as directors are experienced, high calibre individuals. Under the Articles of Association of the Company, any director appointed by the Board to fill a casual vacancy shall hold office only until the first annual general meeting after his appointment and shall then be subject to re-election by the shareholders. Apart from this, every director, including the non-executive director, is subject to retirement by rotation at least once every three years.

During the financial year ended 31 December 2024, inclusive of the quarterly regular meetings according to the CG Code, the Board held a total of 4 board meetings. The attendance of each director is set out on page 15.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

On 23 August 2007, Ms. Huang Wenxi was designated as the Chief Executive Officer of the Company whereas Mr. Huang Shih Tsai was appointed as the Chairman of the Company on 29 June 2007. Mr. Huang Shih Tsai is the father of Ms. Huang Wenxi. From 23 August 2007 onwards, the role of the Chairman and the Chief Executive Officer are segregated, with a clear division of responsibilities. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

BOARD COMMITTEES

The Board has established three committees in accordance with the CG Code, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The committees are provided with sufficient resources to discharge their duties and are able to seek independent professional advice when appropriate and upon request. Details of these board committees, including their compositions, major responsibilities and functions, and work performed during the year ended 31 December 2024 are set out below:

Remuneration Committee

The Remuneration Committee currently comprises one Executive Director, namely Mr. Huang Shih Tsai; and three Independent Non-executive Directors, namely Mr. Cheng Hong Kei (chairman of the Remuneration Committee), Mr. Leung Kwan, Hermann and Mr. Wang Hongxin Charles. It reviews and determines the policy for the remuneration of directors and senior management of the Company.

The primary responsibilities of the Remuneration Committee are:

(i) conducting regular review of the remuneration policy of Group's directors and senior management;

(ii) making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing such remuneration policy;

(iii) making recommendation to the Board on remuneration packages of the Company's directors;

(iv) determining remuneration packages of senior management proposed by the directors of the Company that will attract, motivate and retain the competent staff;

(v) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(vi) reviewing and approving compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment or any compensation arrangements relating to dismissal or removal of director for misconduct; and

(vii) recommending the Board of the structure of long-term incentive plans for executive directors and certain senior management.

During the financial year ended 31 December 2024, 1 remuneration committee meeting was held to review and approve the remuneration of the directors of the Company and discretionary bonus of the senior management of the Company. The attendance of each committee member is set out on page 15.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Cheng Hong Kei (chairman of the Audit Committee), Mr. Leung Kwan, Hermann and Mr. Wang Hongxin Charles. The Audit Committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group.

The primary responsibilities of the Audit Committee are:

(i) making recommendation to the Board on the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor and any resignation and dismissal of that auditor;

(ii) reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process in accordance with applicable standard;

(iii) liaising with the Board, senior management and the auditors to monitor the integrity of financial statements, the interim and annual reports in particular on its accounting policies and practices and compliance with accounting standards, the Listing Rules and other legal requirements in relation to financial reporting;

(iv) reviewing the financial control, internal control and risk management system to ensure the management of the Company discharge its duty to have an effective internal control system; and

(v) reviewing the report and management letter submitted by external auditors; and considering any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response.

For the financial year ended 31 December 2024, 4 audit committee meetings were held to discuss the arrangement of the annual audit; review the financial results and the accounting principles and practices adopted by the Group for the year; and also the reviewed report on reviewing the financial system and internal control procedures of the Group.

Nomination Committee

The Nomination Committee comprises one Executive Director, namely Mr. Huang Shih Tsai (chairman of the Nomination Committee) and two Independent Non-executive Directors, namely Mr. Cheng Hong Kei and Mr. Wang Hongxin Charles. The primary responsibilities of the Nomination Committee are:

(a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the board to complement the Company's corporate strategy;

(b) identifying and nominating for approval of the Board suitably qualified candidates as additional directors or to fill Board vacancies as they arise;

(c) making recommendations to the Board with respect to the re-election by shareholders of any director under the relevant provisions in the Company's Articles of Association;

(d) assessing the independence of the candidates in the case of appointment and re-appointment of independent non-executive directors having regard to relevant guidelines or requirements of the Listing Rules in place from time to time; and

(e) assessing the independence of independent non-executive directors on an annual basis having regard to relevant guidelines or requirements of the Listing Rules in place from time to time.

1 meeting was held by the Nomination Committee during the year ended 31 December 2024 to make recommendation to the board on the re-appointment of directors.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

The following table shows the attendance of Directors at general meetings and meetings of the Board and Committees during the year ended 31 December 2024:

	General Meeting	Board Meeting	Meeting of Audit Committee	Meeting of Remuneration Committee	Meeting of Nomination Committee
Executive Directors					
Huang Shih Tsai	1/1	4/4	N/A	N/A	N/A
Huang Wenxi	1/1	4/4	N/A	N/A	N/A
Non-executive Director					
Li Zhizhen (appointed on 1 January 2024)	1/1	2/4	N/A	N/A	N/A
Independent Non-executive Directors					
Cheng Hong Kei	1/1	4/4	4/4	1/1	1/1
Leung Kwan, Hermann	1/1	4/4	4/4	1/1	1/1
Wang Hongxin Charles	1/1	4/4	4/4	1/1	1/1

DELEGATION BY THE BOARD

The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board reserves the right to decide all policy matters of the Group and material transactions. The Board delegates the day-to-day operations to senior staffs that are responsible for different aspects of the operations of the Group.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate insurance coverage in respect of legal action against the Directors in compliance with the CG Code. The insurance coverage is reviewed on an annual basis.

TRAINING AND SUPPORT FOR DIRECTORS

Each newly appointed Director shall receive induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company. The Company will also arrange and provide finance for suitable training, placing an appropriate emphasis on the roles, functions and duties of its Directors.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged suitable trainings for Directors in the form of seminar and provision of training materials. A summary of training received by Directors during the year ended 31 December 2024 according to the records provided by the Directors is as follows:

Name of Directors	Training on corporate governance, insider information and other relevant topics
Executive Directors	
Mr. Huang Shih Tsai	✓
Ms. Huang Wenxi	✓
Non-executive Director	
Mr. Li Zhizhen (appointed on 1 January 2024)	✓
Independent non-executive Directors	
Mr. Cheng Hong Kei	✓
Mr. Leung Kwan, Hermann	✓
Mr. Wang Hongxin Charles	✓

ACCOUNTABILITY AND AUDIT

The Board is responsible to ensure the preparation of the financial statements of the Company and the Group is in accordance with the relevant statutory requirements and applicable accounting standards and to ensure the published financial statements should be in a timely manner and can provide a true and fair view of the business and financial information of the Group. In preparing the financial statements, the Board has adopted Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong and the disclosure requirement of the Companies Ordinances that are relevant to its operations.

The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, the Board has prepared the financial statements on a going concern basis.

The responsibilities of the external auditor about its financial reporting are set out in the Independent Auditor's Report attached to the Company's financial statements for the year ended 31 December 2024.

The Board has conducted a review of the effectiveness of the Group's internal control system with an aim to safeguard the shareholders' investment and the Group's assets in compliance with the provision of the CG Code. The purpose is to provide reasonable, but not absolute, assurance against material misstatements, errors, losses or fraud, and to manage rather than eliminate risks of failure in achieving the Group's business objectives.

AUDITOR'S REMUNERATION

Remuneration paid and payable to the auditor of the Company in respect of Its services for the year ended 31 December 2024 are as follows:

Services rendered	HK$'000
Audit services	930

AUDITOR

There has been no change of auditors for the preceding three years.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and shareholders' interests, and review and monitor the effectiveness of the Group's internal control and risk management systems on a regular basis so as to ensure that the internal control and risk management systems in place are adequate, which are designed to meet the Group's particular needs and to minimise the risks to which the Group is exposed. The purpose is to provide reasonable, but not absolute, assurance against material misstatements, errors, losses or fraud, and to manage rather than eliminate risks of failure in achieving the Group's business objectives.

The Group does not have an internal audit function due to the size of the Group and for cost effectiveness consideration. During the year ended 31 December 2024, the Board, through its Audit Committee carries out reviews on the effectiveness of the internal control and risk management systems. The Company engaged an external independent internal control consultant to conduct a review on the effectiveness of the Group's risk management and internal control systems. The Group implemented the recommendations from the independent internal control consultant to improve and enhance the Group's risk management and internal control systems. The Company considers the internal control and risk management system is effective during the year under review. No material issues on the Group's internal control and risk management system have been identified during the year ended 31 December 2024 which required significant rectification works.

The Company noted that there is still room for improvement in the internal control system of the Company in how to manage and monitor the Group's invested entities ("Investment Targets"). Although the Company has designated staff for collecting and handling various financial record for the audit work of the Company, there are opportunities for the management to strengthen its on-going monitoring of the business operation, financial performance and management of the Investment Targets. In other words, the Company did not have sufficient control of its Investment Targets and in turn placed the Company in a passive position in case of any shareholders' disputes. In light of the above, the Company has implemented a set of internal policy and guidance on its management of Investment Targets with effect from 1 May 2025, including the following:

1. The Company shall assign a designated staff (the "Relevant Staff") responsible for regular monitoring of the business operation, financial performance and management of the Investment Targets.

2. The Relevant Staff should keep routine communication with the directors or core management of the Investment Targets and request their financial and operational information from time to time to facilitate the relevant audits works.

3. The Relevant Staff shall report to the management of the Company the business performance and financial position of the Investment Targets from time to time, so that the Company could have an on-going and holistic assessment on the Investment Targets' profitability and business sustainability.

4. The Company will, as necessary, seek legal professional advice in situations where access to relevant information is restricted from Investment Targets.

5. The Company would provide training to staff on managing communication and disputes with Investment Targets, and compliance with the Listing Rules.

The Company shall report Investment Targets' profitability and business sustainability to the Board regularly, so that the Directors have opportunities to provide their feedback and advice on the Company's investment portfolio and strategy.

The Group strictly followed the requirements of the Securities and Futures Ordinance of Hong Kong (the "SFO") and the Listing Rules and ensured that inside information being disclosed to the public as soon as reasonably practicable unless the information falls within any of the safe harbours of the SFO. Before inside information is fully disclosed to the public, such information is kept strictly confidential. In addition, the Group adopted the policy of disclosing relevant information only to appropriate staff within the Group.

DETAILS OF THE QUALIFIED OPINION

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by, and had been subject to qualified opinion of the independent auditors of the Company, Forvis Mazars CPA Limited (the "Auditors"). The qualifications for the year ended 31 December 2024 were related to interest in an associate and loan receivable from an associate recorded in the consolidated financial statements of the Group, on the basis as set out in the paragraph headed "Basis for qualified opinion" in the Independent Auditor's Report on page 28 of this report.

Management's view on the qualified opinion

In relation to the qualified opinion, the management of the Company was of the following view:

The Group holds 50% equity interests in Success Yield Group Limited ("Success Yield") and its subsidiaries (collectively refer to as the "Associates") which is engaged in property development of a real estate project in Shanghai, the PRC. The Group accounted for its interests in Associates using equity method of accounting. Furthermore, the Group recorded a loan receivable from an associate of approximately HK$125,767,000 (after net of loss allowance for expected credit loss of approximately HK$5,603,000) at 31 December 2024.

The Group has used its best endeavour to obtain the financial information for the year ended 31 December 2024 of the Associates. The Group has made multiple requests to the Associates but received no response from the Associates. The Group has filed a civil complaint to Pudong New Area People's Court of Shanghai (上海市浦東新區人民法院) demanding the Associates to provide (among others) the updated financial information of the Associates in accordance with the terms and conditions of the cooperation agreement. The most updated financial information the Group able to obtain were the Associates' unaudited financial information for the six months period ended 30 June 2024 for the preparation of the Group's interim results. As at the date of this report, the Group is still not able to obtain sufficient and appropriate audit evidence for the Auditor's to perform their audit procedures.

The Group has been actively seeking solutions to handle the issues with the Associates, including negotiating with the Associates a possible exit plan for the Group's investments in the Associates. In January 2025, the Company has received a civil complaint issued by The First Intermediate People's Court of Shanghai (上海市第一中級人民法院) (the "Court"), informing that the Court has accepted the case filed by the Company as the plaintiff (the "Plaintiff") against shareholders of the Associates and the Associates, as the defendants (the "Defendants") in respect of the shareholder's loan under the cooperation agreement. The first hearing is scheduled in May 2025.

Notwithstanding of the above, the Company will consult its auditors and legal advisers from time to time to explore the alternatives that could be taken by the Company to address and resolve the audit issue as soon as possible.

The Audit Committee confirmed that they understood the basis of the qualified audit opinion. The Audit Committee understood that whilst the Group holds 50% equity interest in the Associates, the Group did not have control over the Associates' management and operations and would have to rely on the cooperation of the Associates in providing necessary documents and information for the purpose of the audit. They have also reviewed and agreed with the Board's position as set out above. The Auditors have confirmed that they concur with the view of the management of the Company and the Audit Committee.

The Company will keep the shareholders and investors informed and updated about the progress addressing the audit issues as and when appropriate.

COMPANY SECRETARY

Ms. Yeung Lee was appointed as the secretary of the Company on 26 August 2016. Ms. Yeung confirmed that she had attained no less than 15 hours of relevant professional training during the year ended 31 December 2024.

Following the resignation of Ms. Yeung Lee as the company secretary of the Company with effect from 16 February 2025, the Company constitute non-compliance with Rule 3.28 of the Listing Rules. The Company will identify a suitable candidate to fill the vacancy of the Company Secretary and will release further announcement(s) as and when appropriate.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting and to put forward proposals at Shareholders' meeting

Any one or more Shareholders holding at the date of deposit of the requisition not less than one-twentieth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board of the Company by mail at Room 6668, 66/F., The Center, 99 Queen's Road Central, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting on the date not more than 28 days after the date on which the notice convening the meeting is given, the requisitionist(s) himself (themselves) may do so in the same manner, 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.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the secretary of the Company by mail at Room 6668, 66/F., The Center, 99 Queen's Road Central, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the chief executive officer of the Company.

INVESTOR RELATIONS

Constitutional Documents

There was no change in the constitutional documents of the Company during the year ended 31 December 2024.

Communication with Shareholders

The Company believes in regular and timely communication with shareholders as part of its efforts to help shareholders understand its business better and the way the Company operates. To promote effective communication with the public at large, the Company maintains a website (www.greatchinaproperties.com) on which comprehensive information about the Company's major businesses, financial information and announcements, annual and interim reports and shareholders circulars are being made available.

The Board is endeavour to maintain an on-going dialogue with shareholders. The chairman of the Board and members of the Board Committee will attend the annual general meeting to answer questions.

Voting at general meetings of the Company is conducted by way of poll in accordance with the Listing Rules. The poll results will be announced at general meetings and published on the websites of the Stock Exchange and the Company.

DIRECTORS' REPORT

The Board of Directors (the "Board") is pleased to present their annual report and the audited consolidated financial statements of Great China Holdings (Hong Kong) Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 17 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on page 35.

The Board does not recommend the payment of any dividend in respect of the year.

BUSINESS REVIEW

A business review of the Group during the year and a discussion on the Group's future business development are set out in the sections heading "Business Review" under the Management Discussion And Analysis of this report. The description of possible risks and uncertainties that the Group may be facing are set out in note 39 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the five years ended 31 December 2020, 2021, 2022, 2023 and 2024 as extracted from the published audited consolidated financial statements, is set out on page 112. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Group during the year are set out in notes 13 and 15 to the consolidated financial statements, respectively. Further details of the Group's investment properties are set out on page 79.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 31 and 32, respectively, to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 40(a) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively. At 31 December 2024, the Company had no reserve available for distribution (at 31 December 2023: Nil).

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.

DIRECTORS' REPORT

DIRECTORS

The directors of the Company during the year or during the period from the end of the year to the date of this report were:

Executive Directors

Huang Shih Tsai
Huang Wenxi

Non-executive Director

Li Zhizhen (appointed on 1 January 2024)

Independent Non-executive Directors

Cheng Hong Kei
Leung Kwan, Hermann
Wang Hongxin Charles

The directors of the Company's subsidiaries in Hong Kong during the year or during the period from the end of the year to the date of this report were Ms. Huang Wenxi and Ms. Yeung Lee.

In accordance with clause 103(A) of the Articles, Mr. Cheng Hong Kei and Mr. Leung Kwan, Hermann will retire by rotation. Mr. Cheng Hong Kei and Mr. Leung Kwan, Hermann, being eligible, shall offer themselves for re-election at the forthcoming annual general meeting of the Company ("AGM").

Save as prescribed in the Listing Rules and the respective service contracts, the term of office of each independent non-executive director is for a period from the date of appointment up to the next annual general meeting and subjected to rotation pursuant to the Company's Articles of Association.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 3 to 4 of this annual report.

MANAGEMENT CONTRACTS

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

MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

After consideration, the directors are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which its subsidiaries, was a party and in which a director of the Company or a connected entity of the director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

At 31 December 2024, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, were as follows:

Long positions in the shares and underlying shares of the Company:

Name of Directors	Capacity in which interests are held	Number of Shares/underlying Shares interested: Personal interests	Corporate interests	Total	Approximate percentage of the issued share capital of the Company *(Note 1)*
Mr. Huang Shih Tsai *(Note 2)*	Beneficial Owner	1,848,162,476	–	1,848,162,476	46.49
Ms. Huang Wenxi *(Note 3)*	Beneficial Owner	353,667,996	282,133,413	635,801,409	16.00
Mr. Li Zhizhen *(Note 4)*	Beneficial owner and interest of spouse	49,448,730	–	49,448,730	1.24

Notes:

1. The percentage shareholding in the Company is calculated on the basis of 3,975,233,406 shares in issue at 31 December 2024.

2. The interest disclosed represents Mr. Huang's personal interest in 1,848,162,476 shares.

3. The interest disclosed represents (i) Ms. Huang's personal interest in 353,667,996 shares; and (ii) 282,133,413 shares held by Brilliant China Group Limited ("Brilliant China") which is 100% owned by Ms. Huang.

4. The interest disclosed represents (i) Mr. Li's direct interests of 29,095,000 shares; and (ii) deemed interests of 20,353,730 shares through interest of his spouse.

Save as disclosed above, at 31 December 2024, none of the directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

ARRANGEMENTS FOR ACQUISITION OF SHARES OR DEBENTURES

As at 31 December 2024, no arrangement were in place for directors to acquire shares or debentures of the Company.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

At 31 December 2024, so far as is known to any director or chief executive of the Company, the following person (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Long positions in the share of the Company

Name of Shareholders	Type of interests	Total number of shares held	Approximate percentage holding of total issued shares
Brilliant China	Corporate	282,133,413	7.10

Brilliant China is a company 100% owned by Ms. Huang Wenxi. By virtue of the SFO, Ms. Huang Wenxi is deemed to be interested in 282,133,413 shares held by Brilliant China. Ms. Huang is the sole director of Brilliant China.

Save as disclosed above, at 31 December 2024, the Company has not been notified of any other person (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

PERMITTED INDEMNITY PROVISIONS

During the financial year and up to the date of this report, the Company has in force indemnity provisions as permitted under the relevant statutes for the benefit of the directors of the Company and its subsidiaries. The permitted indemnity provisions are provided for in the Company's Articles of Association and in the directors and officers liability insurance maintained for the Group in respect of potential liability and costs associated with legal proceedings that may be brought against such directors.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of its independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee has also assessed the independence of the independent non-executive directors and was satisfied that they were independent. Thus, the Company considers all of the independent non-executive directors are independent.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

At 31 December 2024, the interests of directors and their respective associates in businesses which compete or are likely to compete, either directly or indirectly, with business of the Group:

Name of Director	Name of entity whose businesses were considered to compete or likely to compete with the businesses of the Group	Description of businesses of the entity which were considered to compete with the businesses of the Group	Nature of interest of the Director in the entity
Mr. Huang Shih Tsai	Great China International Investment (Groups) Limited#	Property development and investment	Ultimate beneficial owner and director

\# Such businesses may be carried out through its subsidiaries or associates of the entity concerned or by way of other forms of investments. As the Board is independent from the board of the abovementioned company and no director of the Company can control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

At 31 December 2024, save as disclosed above, none of the directors or their respective associates was interested in any business which competes or is likely to compete either directly or indirectly, with business of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

CORPORATE GOVERNANCE

The Company has adopted and complied generally with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the year ended 31 December 2024. Details of the Corporate Governance Report of the Company are set out in pages 12 to 20.

EQUITY-LINKED AGREEMENTS

During the year ended 31 December 2024, the Company did not have share option scheme nor any outstanding share options.

EMOLUMENT POLICY

The emoluments of the employees of the Group are determined on the basis of their merit, qualification and competence. The management's remuneration proposals are reviewed and approved by the remuneration committee with reference to the Board's corporate goals and objectives.

The emoluments of the directors and senior management of the Company are determined by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics. Details of the directors' emoluments for the year ended 31 December 2024 is set out in note 8 to the consolidated financial statements.

As at 31 December 2024, the Group employed 81 employees (excluding directors) (31 December 2023: 62 employees) and the related staff costs amounted to approximately HK$18.52 million (2023: approximately HK$15.79 million). Staff remuneration packages, which are reviewed annually, include salary/wage and other benefits, such as medical insurance coverage, provident fund and share options.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit scheme for the year ended 31 December 2024 is set out on page 64 under subtitle of "Other employee benefits".

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, the aggregate sales attributable to the largest and five largest customers of the Group accounted for 4.36% and 10.97% respectively of the Group's total sales in the year.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's major customer.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association which would oblige the Company to offer new shares on a pro-rata basis to the existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, the Company has maintained a sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements as set out in Appendix C1 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors of the Company, namely Mr. Cheng Hong Kei (Chairman of the Audit Committee), Mr. Leung Kwan, Hermann and Mr. Wang Hongxin Charles. The Group's final result for the year ended 31 December 2024 has been reviewed by the Audit Committee.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2024 were audited by Forvis Mazars CPA Limited. There has been no change of auditors for the preceding three years.

On behalf of the Board

Huang Shih Tsai
Chairman

Hong Kong, 31 March 2025

INDEPENDENT AUDITOR'S REPORT

Forvis Mazars CPA Limited
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To the members of Great China Holdings (Hong Kong) Limited
(incorporated in Hong Kong with limited liability)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

QUALIFIED OPINION

We have audited the consolidated financial statements of Great China Holdings (Hong Kong) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 35 to 111, which comprise the consolidated statement of financial position at 31 December 2024, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, except for the possible effects of the matters described in the *"Basis for Qualified Opinion"* section of our report, the consolidated financial statements give a true and fair view of the financial position of the Group at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the Companies Ordinance.

BASIS FOR QUALIFIED OPINION

Limitation scope on interests in associates and loan receivable from an associate

As disclosed in Note 18 to the consolidated financial statements, the Group holds 50% equity interests in Success Yield Group Limited ("Success Yield") and its subsidiaries (collectively refer to the "Associates") which is engaged in property development of a real estate project in the People's Republic of China (the "Property Development Project"). The Group accounted for its interests in the Associates using equity method of accounting. Furthermore, as disclosed in Note 19 to the consolidated financial statements, the Group recorded a loan receivable from an associate of approximately HK$125,767,000 (after net of loss allowance for expected credit loss of approximately HK$5,603,000) at 31 December 2024. For the application of equity method of accounting and assessment of the expected credit loss allowance on the Group's interests in the Associates and the loan receivable from an associate, the Group is only able to obtain the unaudited financial information about the Associates for the six months ended 30 June 2024 notwithstanding the Group has taken all reasonable steps and used its best endeavour to request the Associates to provide the updated financial information and relevant supporting documents, including but not limited to the books and records of the Associates as at and for the year ended 31 December 2024. No responses to the Group's request have been received up to the date of this report.

BASIS FOR QUALIFIED OPINION (Continued)

Limitation scope on interests in associates and loan receivable from an associate (Continued)

Consequently, we were unable to obtain sufficient appropriate audit evidence and there were no alternative audit procedures that we could perform to satisfy ourselves to determine whether any adjustments to these amounts and related elements and disclosures in the consolidated financial statements were necessary. Any adjustments found to be necessary in respect of the above amounts would have a consequential impact on the financial performance of the Group for the year ended 31 December 2024, the financial position of the Group at 31 December 2024, and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. 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. In addition to the matter described in the *"Basis for Qualified Opinion"* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of goodwill	
Refer to Notes 2, 3 and 16 to the consolidated financial statements. At 31 December 2024, the Group had goodwill of approximately HK$190,783,000 relating to the acquisition of wholly owned subsidiaries engaging in property development and investment business. For the purpose of assessing impairment, the management engaged an independent professional valuer ("Valuer") to assess the recoverable amounts of the property development and investment business. The recoverable amounts were determined based on the value in use and fair value less costs of disposal under asset-based approach depending on the status of the respective development projects. The impairment assessment involves the management's estimates in certain areas including the estimated market price, budgeted gross margin, discount rate and underlying cash flows. Any changes in the management's estimates may result in significant financial impact to the Group. The management concluded that there is no impairment of goodwill for the year ended 31 December 2024. We have identified the above matter as a key audit matter because of the significance of the carrying value of the goodwill and the significant judgements and estimations involved in determining of the recoverable amounts of the cash generating units.	Our key procedures, among others, included: • evaluating the objectivity, capabilities and competence of the Valuer; • understanding and assessing valuation methodologies and underlying assumptions applied by the management and the Valuer; • assessing the reasonableness of the key assumptions, methodologies adopted and key inputs (including estimated market price, budgeted gross margin and discount rate) used in the value in use and asset-based approach calculation in the valuations performed by the Valuer; and • evaluating the result of sensitivity analysis on reasonably possible downside changes in key assumptions.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of properties under development and properties held for sale	
Refer to Notes 2, 3, 20 and 21 to the consolidated financial statements. At 31 December 2024, the Group had various properties under development and properties held for sale (the "Properties") located in the People's Republic of China with carrying amounts of approximately HK$573,263,000 and approximately HK$753,787,000, respectively. The Properties are stated at the lower of cost and net realisable value on an individual property basis. Net realisable value is estimated at the actual or estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale. The net realisable value was assessed by the management with reference to the valuation performed by the Valuer engaged by the management. We have identified the above matter as a key audit matter because of the significance of the carrying value of Properties and the significant judgements and estimations involved in the assessment.	Our key procedures, among others, included: • evaluating the objectivity, capabilities and competence of the Valuer; • understanding and assessing valuation methodologies and underlying assumptions applied by the management and the Valuer; • assessing the reasonableness of the construction budgets and estimated costs necessary to make the sale of the Properties by comparing them to actual construction costs and necessary selling costs incurred for other properties developed by the Group; and • obtaining, on a sample basis, the underlying data including comparables of market transactions being used and assessing the appropriateness.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of completed investment properties Refer to Notes 2, 3 and 15 to the consolidated financial statements. The Group's completed investment properties measured at fair value amounted to approximately HK$191,226,000 at 31 December 2024. The fair value was determined by the management with reference to the valuation performed by the Valuer engaged by the management. We have identified the above matter as a key audit matter because of the significance of the carrying value of properties and the significant judgements and estimations involved in the assessment.	Our key procedures, among others, included: • evaluating the objectivity, capabilities and competence of the Valuer; • understanding and assessing valuation methodologies and underlying assumptions applied by the management and the Valuer; and • obtaining, on a sample basis, the underlying data including comparables of market transactions being used by the Valuer and assessing the appropriateness.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2024 annual report of the Company but does not include 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. As described in "*Basis for Qualified Opinion*" section, we were unable to obtain sufficient appropriate audit evidence whether any adjustments were necessary on the carrying amounts of the Group's interests in associates and loan receivables from an associate at 31 December 2024 and respective impact on the financial performance of the Group for the year ended 31 December 2024. Accordingly, we are unable to conclude whether or not the other information is materially inconsistent or misstated with respect to these matters.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee, which is regarded as those charged with governance, assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with section 405 of the Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism 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 of the Company.

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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 year 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.

REPORT ON MATTERS UNDER SECTIONS 407(2) AND 407(3) OF THE COMPANIES ORDINANCE

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding interests in associates and loan receivable from an associate as described in the "*Basis for Qualified Opinion*" section of our report above:

– we were unable to determine whether adequate accounting records had been kept; and

– we have not obtained all the information or explanations that, to the best of our knowledge and belief are necessary and material for the purpose of the audit.

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong, 31 March 2025

The engagement director on the audit resulting in this independent auditor's report is:
Lam Kwok Sun
Practising Certificate number: P08281

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	*5*	**132,584**	23,843
Cost of sales and services		**(92,367)**	(14,458)
Gross profit		**40,217**	9,385
Other income and gains	*5*	**667**	611
Selling and distribution expenses		**(2,631)**	(3,302)
Administrative and operating expenses		**(30,267)**	(33,502)
Fair value loss on investment properties	*15*	**(11,602)**	–
Foreign exchange gain, net		**26,710**	23,579
Finance costs	*6*	**(1,166)**	(706)
Profit (Loss) before tax	*7*	**21,928**	(3,935)
Income tax expenses	*10*	**(4,823)**	(106)
Profit (Loss) for the year		**17,105**	(4,041)
Other comprehensive loss for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(55,301)**	(49,355)
Total comprehensive loss for the year		**(38,196)**	(53,396)
Profit (Loss) for the year attributable to:			
– Owners of the Company		**17,105**	(4,041)
– Non-controlling interests		**–**	–
		17,105	(4,041)
Total comprehensive loss for the year attributable to:			
– Owners of the Company		**(38,196)**	(53,396)
– Non-controlling interests		**–**	–
		(38,196)	(53,396)
Earnings (Loss) per share attributable to owners of the Company			
Basic and diluted	*12*	**HK0.43 cents**	HK(0.10) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	*13*	**188,190**	185,262
Right-of-use assets	*14*	**542**	102
Investment properties	*15*	**205,447**	224,189
Goodwill	*16*	**190,783**	197,314
Interests in associates	*18*	**–**	–
Loan receivable from an associate, net	*19*	**125,767**	130,047
Properties under development	*20*	**573,263**	591,925
Total non-current assets		**1,283,992**	1,328,839
Current assets			
Properties held for sale	*21*	**753,787**	804,789
Trade receivables	*22*	**2,844**	1,049
Prepayments, deposits and other receivables	*23*	**12,476**	37,938
Cash and bank balances	*24*	**32,760**	46,472
Total current assets		**801,867**	890,248
Current liabilities			
Trade payables	*25*	**25,311**	45,357
Other payables and accruals	*26*	**125,745**	187,580
Promissory note	*27*	**16,800**	22,300
Lease liabilities	*14*	**554**	105
Amounts due to related companies	*28*	**232,255**	185,239
Amounts due to substantial shareholders	*29*	**725,132**	775,259
Tax payables		**6,529**	99
Total current liabilities		**1,132,326**	1,215,939
Net current liabilities		**(330,459)**	(325,691)
Total assets less current liabilities		**953,533**	1,003,148
Non-current liabilities			
Deferred tax liabilities	*30*	**149,759**	161,178
NET ASSETS		**803,774**	841,970

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
Equity			
Share capital	*31*	**983,266**	983,266
Other reserves		**(179,505)**	(141,309)
Equity attributable to owners of the Company		**803,761**	841,957
Non-controlling interests		**13**	13
TOTAL EQUITY		**803,774**	841,970

The consolidated financial statements on pages 35 to 111 were approved and authorised for issue by the Board of Directors on 31 March 2025 and signed on its behalf by

Director
Huang Shih Tsai

Director
Huang Wenxi

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Share capital *(Note 31)* HK$'000	Capital reduction reserve* *(Note 31)* *(Note i)* HK$'000	Share-based payment reserve* *(Note 32)* *(Note ii)* HK$'000	Translation reserve* *(Note iii)* HK$'000	Accumulated losses* HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2023	983,266	265,505	1,607	(148,779)	(206,246)	895,353	13	895,366
Loss for the year	–	–	–	–	(4,041)	(4,041)	–	(4,041)
Other comprehensive loss for the year								
Exchange differences arising on translation of foreign operations	–	–	–	(49,355)	–	(49,355)	–	(49,355)
Total comprehensive loss for the year	–	–	–	(49,355)	(4,041)	(53,396)	–	(53,396)
Lapse of share option	–	–	(1,607)	–	1,607	–	–	–
At 31 December 2023 and 1 January 2024	983,266	265,505	–	(198,134)	(208,680)	841,957	13	841,970
Profit for the year	**-**	**-**	**-**	**-**	**17,105**	**17,105**	**-**	**17,105**
Other comprehensive loss for the year								
Exchange differences arising on translation of foreign operations	**-**	**-**	**-**	**(55,301)**	**-**	**(55,301)**	**-**	**(55,301)**
Total comprehensive (loss) income for the year	**-**	**-**	**-**	**(55,301)**	**17,105**	**(38,196)**	**-**	**(38,196)**
At 31 December 2024	**983,266**	**265,505**	**-**	**(253,435)**	**(191,575)**	**803,761**	**13**	**803,774**

* These reserve accounts represent in aggregate the consolidated deficits of approximately HK$179,505,000 (2023: consolidated deficits of approximately HK$141,309,000) in the consolidated statement of financial position.

Notes:

(i) The capital reduction reserve represents the surplus arising from capital reduction transaction, and the reserve is non-distributable.

(ii) The share-based payment reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in the notes to the consolidated financial statements.

(iii) The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from (used in) operating activities			
Profit (Loss) before tax		**21,928**	(3,935)
Adjustments for:			
Bank interest income		**(254)**	(282)
Loss on disposal of a subsidiary		**833**	–
Depreciation of property, plant and equipment		**47**	97
Depreciation of right-of-use assets		**2,002**	1,725
Finance costs		**1,166**	706
Fair value loss on investment properties		**11,602**	–
Provision for a legal claim		**–**	4,905
Exchange difference, net		**(24,536)**	(9,280)
Operating cash flow before movements in working capital		**12,788**	(6,064)
Changes in working capital:			
Properties under development		**(831)**	(1,714)
Properties held for sale		**25,023**	(37,716)
Trade receivables		**(1,829)**	663
Prepayments, deposit and other receivables		**24,259**	(15,682)
Trade payables		**(18,553)**	1,561
Other payables and accruals		**(55,793)**	60,034
Cash (used in) generated from operations		**(14,936)**	1,082
Income tax paid		**(4,631)**	(980)
Net cash flows (used in) from operating activities		**(19,567)**	102
Cash flows used in investing activities			
Bank interest received		**254**	282
Purchases of property, plant and equipment		**(9,289)**	(7,596)
Withdrawal of pledged and restricted bank balances		**88,043**	106,764
Deposit of pledged and restricted bank balances		**(83,721)**	(119,575)
Net cash outflow of disposal of a subsidiary	*35*	**(4,078)**	–
Net cash flows used in investing activities		**(8,791)**	(20,125)
Cash flows from financing activities			
Interest paid		**(1,016)**	(32)
Repayment to substantial shareholders	*38(b)*	**(24,109)**	(2,429)
Advance from related companies	*38(b)*	**53,116**	16,401
(Repayment to) Proceeds from the issuance of promissory note	*38(b)*	**(5,500)**	22,300
Repayment of lease liabilities	*38(b)*	**(1,993)**	(1,743)
Net cash flows from financing activities		**20,498**	34,497
Net (decrease) increase in cash and cash equivalents		**(7,860)**	14,474
Cash and cash equivalents at beginning of the reporting period		**15,051**	589
Effect of foreign exchanges, net		**(496)**	(12)
Cash and cash equivalents at end of the reporting period	*24*	**6,695**	15,051

1. CORPORATE INFORMATION

Great China Holdings (Hong Kong) Limited (the "Company", together with its subsidiaries are collectively referred to as the "Group") is a limited liability company incorporated in Hong Kong. Its registered office is located at Room 6668, 66/F., The Center, 99 Queen's Road Central, Hong Kong.

The Company is investment holding and the principal activities of its subsidiaries are engaged in property development and investment as set out in Note 17 to the consolidated financial statement.

2.1 BASIS OF PREPARATION

The Group had net current liabilities of approximately HK$330,459,000 at 31 December 2024. Notwithstanding of the above, the directors of the Company consider the going concern basis of preparation of the consolidated financial statements is appropriate after taking into consideration of the following:

(a) the Group is able to generate operating profits and cash inflows from future sales of properties; and

(b) a substantial shareholder has confirmed that he will provide financial support to the Group to meet its financial obligations as they fall due, if required, including not to demand repayment of the amounts due to him and companies controlled by him in aggregate of approximately HK$930,732,000 until the Group is in a position to do so.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise; and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect to these adjustments has not been reflected in the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong and the Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties which have been measured at fair value as explained in the accounting policies set out below.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except where otherwise indicated.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of 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 Company 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 subsidiaries 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 in the accounting policy for subsidiaries in Note 2.4 to the consolidated financial statements below. 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 (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) 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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRS Accounting Standards issued by the HKICPA, which are relevant to the Group and effective for the current year:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

2.2 CHANGES IN ACCOUNTING POLICIES (Continued)

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This interpretation is revised as a consequence of the above Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

The adoption of the amendments of this interpretation does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

2.3 NEW AND REVISED HKFRS ACCOUNTING STANDARDS NOT YET ADOPTED

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Annual Improvements to HKFRS Accounting Standards	Volume 11[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 The effective date to be determined

The directors of the Company do not anticipate that the adoption of these new/revised HKFRS Accounting Standards in future periods will have any material impact on the financial performance and financial position of the Group.

2.4 SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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).

When the Company has, directly or indirectly, 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.

In the Company's statement of financial position which is presented within these notes, an investment in subsidiary is stated at cost less impairment losses. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Associates

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of the associate are included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

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

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

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

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

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

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

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

Impairment of other assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group when:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a holding company, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Leasehold improvements	20%
Machinery	10% to 33.33%
Furniture and fixtures	20% to 33.33%
Computer equipment	33.33%
Motor vehicles	20% to 30%

Buildings under construction for production, supply or administrative purposes are stated at cost less any impairment losses. The costs comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the construction period. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial period end.

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

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

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

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

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the period of the retirement or disposal.

Investment properties under construction

Investment properties under construction are initially measured at cost and subsequently at fair values using the fair value model. If the fair value cannot be reliably determined, the investment properties under construction will be measured at cost less impairment until such time as fair value can be determined or construction is completed, in which time any difference between the fair value and the previous carrying amount is recognised in profit or loss in that period.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost comprises the land costs, construction costs, capitalised borrowing costs and other costs directly attributed to such properties during the period of construction.

Properties under development are initially classified as non-current assets and transferred to the category of properties held for sale under current assets when the construction of the relevant properties commences and the construction period of the relevant property development project is expected to complete within normal operating cycle.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties held for sale

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors of the Company based on the prevailing market prices on an individual property basis.

Properties held for sale under development

Properties held for sale under development are intended to be held for sale after completion. Held for sale under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, capitalised borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

On completion of construction, the properties are transferred to completed properties held for sale. Properties held for sale under development are classified as current assets.

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

As lessee (Continued)

The right-of-use asset is initially measured at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option – in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premises	13 months
Motor vehicles	3 years

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

As lessee (Continued)

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if:

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

As lessee (Continued)

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group remeasures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in profit or loss.

(e) for all other lease modifications, the Group accounts for the remeasurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

As lessor – operating lease

The Group classifies each of its leases as an operating lease at the inception date of the lease.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and measurement

Financial assets (except for trade receivables without a significant financing component which are initially measured at their transaction price) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income ("Designated FVOCI"); or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first interim reporting period following the change in the business model.

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of HKFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include loan receivable from an associate, trade receivables, deposits and other receivables and cash and bank balances.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Company becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade payables, other payables and accruals (excluding deposits received and contract liabilities), lease liabilities, promissory note, amounts due to related companies and substantial shareholders. All financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the expected credit loss ("ECL") allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Impairment of financial assets

The Group recognises loss allowances for ECL on financial assets that are measured at amortised cost and financial guarantee contracts issued to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

For a financial guarantee contract, the entity is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, cash shortfalls are the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the entity expects to receive from the holder, the debtor or any other party. If the asset is fully guaranteed, the estimation of cash shortfalls for a financial guarantee contract would be consistent with the estimations of cash shortfalls for the asset subject to the guarantee.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on past due information or other credit risk characteristics.

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Assessment of significant increase in credit risk

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

In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. For financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets (Continued)

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in Note 39 to the consolidated financial statements, the Group's loan receivable from an associate, other receivables and bank balances are determined to have low credit risk.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Group applies the practical expedient not to account for the significant financing components, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

(c) the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits, and short term highly liquid investments that are readily convertible into known amounts of cash and which, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the period in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets against current tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Revenue recognition

Rental income under operating leases is recognised when the assets are let out and on the straight-line basis over the lease term.

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is (i) sales of properties; and (ii) property management services.

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

(a) a good or service (or a bundle of goods or services) that is distinct; or

(b) a series of distinct good or service that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

(a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and

(b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers within HKFRS 15 (Continued)

Timing of revenue recognition (Continued)

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Sale of properties is recognised at a point in time when the customer obtains the control of the promised asset, which generally coincides with the time when the properties are delivered to customers and the title is passed.

Property management income is recognised over time when services are rendered.

For revenue recognised over time under HKFRS 15, provided the outcome of the performance obligation can be reasonably measured, the Group applies the input method (i.e. based on the proportion of the actual inputs deployed to date as compared to the estimated total inputs) to measure the progress towards complete satisfaction of the performance obligation because there is a direct relationship between the Group's inputs and the transfer of control of goods or services to the customers and reliable information is available to the Group to apply the method. Otherwise, revenue is recognised only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

The input method applied for property management income is based on the period in which services are rendered.

Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For the sales of properties, it is common for the Group to receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

For the property management income, the Group receives payments from the customer which are largely in line with the timing of revenue recognition and no significant contract assets or contract liabilities are recognised.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes Option Pricing model, further details of which are given in Note 32 to the consolidated financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to accumulated losses.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of loss per share.

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the People's Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Hong Kong dollars ("HK$") and majority of its subsidiaries have Renminbi ("RMB") as their functional currency. The consolidated financial statements are presented in HK$, which is the Company's functional and presentation currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

2.4 SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

The functional currencies of certain overseas subsidiaries and associates are currencies other than the HK$. At the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the period are translated into HK$ at the weighted average exchange rates for the reporting period.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group's chief operating decision makers, who are the executive directors of the Company, for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Investment properties under construction

Property under construction for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction is measured at cost until such time as fair value can be determined or construction is completed. The directors of the Company have concluded that the fair value of investment properties under construction cannot be measured reliably and, therefore, investment properties under construction continue to be measured at cost until construction is substantially completed and the remaining construction cost can be accurately estimated.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are set out in Note 16 to the consolidated financial statements.

Estimation of net realisable value of properties under development and properties held for sale

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices. The Group determines the net realisable value with reference to the valuation performed by an independent professional valuer. Particulars of the properties under development and properties held for sale of the Group are set out in Notes 20 and 21, respectively, to the consolidated financial statements.

Estimation of total budgeted costs and costs to completion for buildings under construction, properties held for sale under development and properties under development

Total budgeted costs for buildings under construction, properties held for sale under development and properties under development comprise (i) prepaid land lease payments; (ii) building costs; and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs, the management makes reference to information such as (i) current offers from contractors and suppliers; (ii) recent offers agreed with contractors and suppliers; and (iii) professional estimation on construction and material costs.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and/or

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are set out in Note 15 to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Land appreciation tax

Under the Provisional Regulations on land appreciation tax ("LAT") implemented upon the issuance of the Provisional Regulations of The PRC on 27 January 1995, all gains arising from the transfer of real estate properties in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in the property development business in the PRC are subject to LAT, which has been included in income tax. However, the implementation of LAT varies amongst various PRC cities and the Group has not finalised certain of its LAT returns with various tax authorities. Accordingly, the assessment requires an estimation on the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and provisions of LAT in the period in which such determination is made.

Impairment of other receivables

The Group conducts impairment reviews of financial assets whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected.

4. OPERATING SEGMENT INFORMATION

The Group has a single reportable segment based on the location of the operations, which is property development and investment located in the PRC. Information reported to the Group's chief operating decision makers for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Information about major customers

The Group's customer base is diversified, where there was no individual customer with whom transactions exceeded 10% of the Group's revenue during the years ended 31 December 2024 and 2023.

5. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue and other income and gains is as follows:

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers within HKFRS 15:		
Sales of properties	**122,322**	13,018
Property management income	**8,850**	8,339
	131,172	21,357
Revenue from other sources:		
Gross rental income	**1,412**	2,486
Total revenue	**132,584**	23,843
Other income and gains:		
Bank interest income	**254**	282
Others	**413**	329
	667	611

The revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Sales of properties HK$'000	Property management income HK$'000	Total HK$'000
Year ended 31 December 2024			
Timing of revenue recognition:			
– At a point in time	**122,322**	**–**	**122,322**
– Over time	**–**	**8,850**	**8,850**
	122,322	**8,850**	**131,172**

5. REVENUE AND OTHER INCOME AND GAINS (Continued)

	Sales of properties HK$'000	Property management income HK$'000	Total HK$'000
Year ended 31 December 2023			
Timing of revenue recognition:			
– At a point in time	13,018	–	13,018
– Over time	–	8,339	8,339
	13,018	8,339	21,357

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities	**69**	32
Interest on loan from a substantial shareholder	**150**	109
Interest on promissory note	**947**	565
	1,166	706

7. PROFIT (LOSS) BEFORE TAX

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

	2024 HK$'000	2023 HK$'000
Staff costs (including directors' remuneration – *Note 8*)		
Salaries, allowances and benefits in kind	**18,462**	15,452
Pension scheme contributions	**1,811**	1,704
	20,273	17,156
Cost of properties sold	**88,004**	9,821
Depreciation of property, plant and equipment *(Note 13)*	**47**	97
Depreciation of right-of-use assets *(Note 14)*	**2,002**	1,725
Auditor's remuneration	**930**	950
Direct operating expenses arising from investment properties that generated rental income	**400**	536
Loss on disposal of a subsidiary *(Note 35)*	**833**	–
Provision for a legal claim	**-**	4,905
Short-term lease payments	**44**	23

Note: For the years ended 31 December 2024 and 2023, there were no forfeited contribution which were available to reduce the Group's existing level of contributions to the MPF Scheme and the PRC pension scheme.

8. INFORMATION ABOUT THE BENEFITS OF DIRECTORS

The following disclosures are presented pursuant to the Listing Rules and section 383 of the Companies Ordinance.

(i) Directors' remuneration

	2024 HK$'000	2023 HK$'000
Fees	**900**	900
Other emoluments:		
Salaries, allowances and benefits in kind	**834**	452
Pension scheme contributions	**18**	18
	852	470
	1,752	1,370

8. INFORMATION ABOUT THE BENEFITS OF DIRECTORS (Continued)

(i) Directors' remuneration (Continued)

In prior years, certain directors of the Company were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in Note 32 to the consolidated financial statements.

(a) Independent non-executive directors

The remuneration paid/payable to independent non-executive directors during the years ended 31 December 2024 and 2023 is as follows:

	Fees HK$'000	Total remuneration HK$'000
2024		
Mr. Cheng Hong Kei	**150**	**150**
Mr. Leung Kwan, Hermann	**150**	**150**
Mr. Wang Hongxin Charles *(Note)*	**150**	**150**
	450	**450**

	Fees HK$'000	Total remuneration HK$'000
2023		
Mr. Cheng Hong Kei	150	150
Mr. Leung Kwan, Hermann	150	150
Mr. Lum Pak Sum *(Note)*	63	63
Mr. Wang Hongxin Charles *(Note)*	87	87
	450	450

Note: Mr. Lum Pak Sum retired as an independent non-executive director of the Company on 2 June 2023 and Mr. Wang Hongxin Charles was appointed as an independent non-executive director of the Company on 2 June 2023.

8. INFORMATION ABOUT THE BENEFITS OF DIRECTORS (Continued)

(i) Directors' remuneration (Continued)

(b) *Non-executive director*

The remuneration paid/payable to a non-executive director during the years ended 31 December 2024 and 2023 is as follows:

	Fees HK$'000	Total remuneration HK$'000
2024		
Mr. Li Zhizhen	**150**	**150**

	Fees HK$'000	Total remuneration HK$'000
2023		
Mr. Li Xiaohua	150	150

Mr. Li Xiaohua resigned as a non-executive director of the Company on 31 December 2023 and Mr. Li Zhizhen was appointed as a non-executive director of the Company on 1 January 2024.

(c) *Executive directors and the chief executive officer*

The remuneration paid/payable to executive directors and the chief executive officer during the years ended 31 December 2024 and 2023 is as follows:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2024				
Executive directors:				
Mr. Huang Shih Tsai (Chairman)	**150**	**–**	**–**	**150**
Ms. Huang Wenxi (Chief Executive Officer)	**150**	**834**	**18**	**1,002**
	300	**834**	**18**	**1,152**

8. INFORMATION ABOUT THE BENEFITS OF DIRECTORS (Continued)

(i) Directors' remuneration (Continued)

(c) Executive directors and the chief executive officer (Continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2023				
Executive directors:				
Mr. Huang Shih Tsai (Chairman)	150	–	–	150
Ms. Huang Wenxi (Chief Executive Officer)	150	452	18	620
	300	452	18	770

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 December 2024 (2023: Nil). In addition, no remuneration was paid by the Group to the directors of the Company as an inducement to join, or upon joining the Group, or as a compensation for loss of office during the year ended 31 December 2024 (2023: Nil).

(ii) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Company or their connected entities that were entered into or subsisted during the years ended 31 December 2024 and 2023.

8. INFORMATION ABOUT THE BENEFITS OF DIRECTORS (Continued)

(iii) Directors' material interests in transactions, arrangements or contracts

After consideration, the directors of the Company are of the opinion that the following transactions, arrangements and contracts, which are entered into by the Company and in which a director of the Company or connected entity of the directors of the Company had a material interest, whether directly or indirectly, are significant in relation to the Company's business and subsisted at the end of the years ended 31 December 2024 and 2023 or at any time during the years ended 31 December 2024 and 2023.

2024

Contractual party in addition to the Company	Name of director	Nature of transactions
大中華國際集團(中國)有限公司 ("GCI")	Mr. Huang Shih Tsai	Lease payments of offices of approximately HK$1,782,000 *(Note)*
Ms. Huang Wenxi	Ms. Huang Wenxi	Interest expenses of approximately HK$150,000 on loan from a substantial shareholder *(Note 29)*

2023

Contractual party in addition to the Company	Name of director	Nature of transactions
大中華國際集團(中國)有限公司 ("GCI")	Mr. Huang Shih Tsai	Lease payments of offices of approximately HK$1,455,000 *(Note)*
Ms. Huang Wenxi	Ms. Huang Wenxi	Interest expenses of approximately HK$109,000 on loan from a substantial shareholder *(Note 29)*

Note: The Group leased office properties from GCI since 1 May 2019 and the lease ended on 31 August 2023. GCI provided a rent-free period to the Group from 1 September 2023 to 29 February 2024. On 1 March 2024, the Group and GCI entered into lease agreements where the lease terms are from 1 March 2024 to 31 March 2025, with an aggregate monthly rental of approximately RMB165,000 (equivalent to approximately HK$175,000). GCI is indirectly wholly-owned by Mr. Huang Shih Tsai, the Chairman and a substantial shareholder of the Company. Mr. Huang Shih Tsai is also a director of GCI. The lease arrangements constitute connected transactions as defined in Chapter 14A of the Listing Rules.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 December 2024 included one (2023: one) director, details of whose remuneration are set out in Note 8 to the consolidated financial statements. Details of the remuneration of the remaining four (2023: four) highest paid employees who are not directors of the Company are as follows:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and benefits in kind	2,292	2,938
Pension scheme contributions	368	387
	2,660	3,325

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
Nil to HK$1,000,000	3	3
HK$1,000,001 to HK$1,500,000	1	1
	4	4

No emoluments were paid or payable by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2024 and 2023. There was no arrangement under which the five highest paid individuals waived or agreed to waive any remuneration for the years ended 31 December 2024 and 2023.

10. INCOME TAX EXPENSES

Pursuant to the rules and regulations of the British Virgin Islands (the "BVI"), the Group is not subject to any taxation under this jurisdiction.

No provision for Hong Kong Profits Tax has been made as the Group incurred a loss for taxation purposes during the years ended 31 December 2024 and 2023.

The Group's entities established in the PRC are subject to Enterprise Income Tax ("EIT") of the PRC at a statutory rate of 25% for the years ended 31 December 2024 and 2023.

The PRC LAT was provided in accordance with the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

10. INCOME TAX EXPENSES (Continued)

	2024 HK$'000	2023 HK$'000
EIT in the PRC	**6,571**	–
LAT in the PRC	**4,494**	513
Deferred tax credited to profit or loss *(Note 30)*	**(6,242)**	(407)
Total income tax expenses for the year	**4,823**	106

A reconciliation of the income tax expenses to profit (loss) before tax at the statutory rates of the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled is as follows:

	2024 HK$'000	2023 HK$'000
Profit (Loss) before tax	**21,928**	(3,935)
Tax at the statutory tax rate applicable to profits (loss) in respective countries	**3,874**	(2,469)
Income not subject to tax	**(4,824)**	(4,259)
Expenses not deductible for tax	**2,747**	3,406
Tax losses not recognised	**2,439**	3,329
LAT	**4,494**	513
Utilisation of previously unrecognised tax losses	**(3,456)**	–
Others	**(451)**	(414)
Income tax expenses	**4,823**	106

11. DIVIDENDS

The board of directors does not recommend the payment of any dividend for the years ended 31 December 2024 and 2023.

12. EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted earnings (loss) per share is based on the following data:

	2024	2023
Earnings (Loss) for the year attributable to owners of the Company (HK$ million)	**17.11**	(4.04)
Weighted average number of ordinary shares (Million)	**3,975**	3,975
Basic and diluted earnings (loss) per share (HK cents per share)	**0.43**	(0.10)

The calculation of diluted earnings (loss) per share is the same as the basic earnings (loss) per share as there were no dilutive potential ordinary shares during the years ended 31 December 2024 and 2023.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Machinery HK$'000	Furniture and fixtures HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Buildings under construction HK$'000	Total HK$'000
2024							
At 1 January 2024, net of accumulated depreciation	**487**	**47**	**280**	**31**	**113**	**184,304**	**185,262**
Additions	**–**	**–**	**–**	**–**	**–**	**9,289**	**9,289**
Depreciation	**–**	**–**	**(37)**	**(10)**	**–**	**–**	**(47)**
Exchange realignment	**(16)**	**(2)**	**(28)**	**(1)**	**(4)**	**(6,263)**	**(6,314)**
At 31 December 2024, net of accumulated depreciation	**471**	**45**	**215**	**20**	**109**	**187,330**	**188,190**
At 31 December 2024							
Cost	**7,028**	**584**	**2,267**	**4,760**	**1,211**	**187,330**	**203,180**
Accumulated depreciation	**(6,557)**	**(539)**	**(2,052)**	**(4,740)**	**(1,102)**	**–**	**(14,990)**
Net carrying amount	**471**	**45**	**215**	**20**	**109**	**187,330**	**188,190**
2023							
At 1 January 2023, net of accumulated depreciation	502	48	303	37	116	181,929	182,935
Additions	–	–	77	–	–	7,519	7,596
Depreciation	–	–	(92)	(5)	–	–	(97)
Exchange realignment	(15)	(1)	(8)	(1)	(3)	(5,144)	(5,172)
At 31 December 2023, net of accumulated depreciation	487	47	280	31	113	184,304	185,262
At 31 December 2023							
Cost	7,268	604	2,382	4,934	1,252	184,304	200,744
Accumulated depreciation	(6,781)	(557)	(2,102)	(4,903)	(1,139)	–	(15,482)
Net carrying amount	487	47	280	31	113	184,304	185,262

At 31 December 2024, the Group's buildings under construction, included prepaid land lease payments on lease of land in the PRC, with the remaining lease term of 23 years (2023: 24 years).

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	Office premises HK$'000	Motor vehicles HK$'000	Total HK$'000
2024			
At 1 January 2024, net of accumulated depreciation	**102**	**–**	**102**
Addition	**2,453**	**–**	**2,453**
Depreciation	**(2,002)**	**–**	**(2,002)**
Exchange differences	**(11)**	**–**	**(11)**
At 31 December 2024, net of accumulated depreciation	**542**	**–**	**542**
At 31 December 2024			
Cost	**12,917**	**808**	**13,725**
Accumulated depreciation	**(12,375)**	**(808)**	**(13,183)**
Net carrying amount	**542**	**–**	**542**
2023			
At 1 January 2023, net of accumulated depreciation	1,857	–	1,857
Depreciation	(1,725)	–	(1,725)
Exchange differences	(30)	–	(30)
At 31 December 2023, net of accumulated depreciation	102	–	102
At 31 December 2023			
Cost	10,848	808	11,656
Accumulated depreciation	(10,746)	(808)	(11,554)
Net carrying amount	102	–	102

The Group leases various office premises and motor vehicles for its daily operations. The lease terms ranged from 13 months to 2 years.

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

Lease liabilities

	2024 HK$'000	2023 HK$'000
Current	**554**	105

The Group has recognised the following amounts for the year:

	2024 HK$'000	2023 HK$'000
Total cash outflow for leases	**2,106**	1,798

The interest on lease liabilities is set out in Note 6 to the consolidated financial statements.

15. INVESTMENT PROPERTIES

	Completed investment properties at fair value HK$'000	Investment properties under construction at cost HK$'000	Total HK$'000
2024			
Carrying amount at 1 January	**209,483**	**14,706**	**224,189**
Change in fair values	**(11,602)**	**–**	**(11,602)**
Exchange realignment	**(6,655)**	**(485)**	**(7,140)**
Carrying amount at 31 December	**191,226**	**14,221**	**205,447**
2023			
Carrying amount at 1 January	215,579	15,134	230,713
Exchange realignment	(6,096)	(428)	(6,524)
Carrying amount at 31 December	209,483	14,706	224,189

15. INVESTMENT PROPERTIES (Continued)

The directors of the Company have determined that the completed investment properties are held to earn rental income and/or for capital appreciation. The Group's completed investment properties were valued at the end of the reporting period by Ravia Global Appraisal Advisory Limited ("Ravia") (2023: Roma Appraisals Limited ("Roma")), an independent professional valuer, at approximately HK$191,226,000 (2023: approximately HK$209,483,000). Each year, the executive directors would select and appoint an external valuer for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

Investment properties under construction are measured at cost until such time as fair value can be determined reliably or construction is completed. The Group has concluded that the fair value of these investment properties under construction cannot be measured reliably and were therefore measured at cost in the consolidated statement of financial position.

The Group leases out its completed investment properties to third parties under operating leases with average lease terms ranging from 2 to 10 years (2023: 2 to 10 years). The terms of the leases also require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market conditions.

Below is a maturity analysis of undiscounted lease payments to be received from the leasing of investment properties.

	2024 **HK$'000**	2023 HK$'000
Year 1	**1,365**	1,176
Year 2	**1,264**	1,098
Year 3	**983**	996
Year 4	**753**	761
Year 5	**642**	524
After year 5	**1,399**	1,648
	6,406	6,203

Further particulars of the Group's investment properties are included on page 113.

15. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's completed investment properties:

	Fair value measurement at 31 December 2024 using			
	Quoted prices in active market (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**191,226**	**191,226**

	Fair value measurement at 31 December 2023 using			
	Quoted prices in active market (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Commercial properties	–	–	209,483	209,483

During the years ended 31 December 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

The fair value is estimated using a direct comparison approach. Under the direct comparison approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by making reference to comparable sales transactions as available in the market.

The valuation takes into account the characteristics of the investment properties, which include the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the unit market price. The fair value measurement is based on the above properties' highest and best use, which does not differ from the current use.

15. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The following table gives information about how the fair values of the completed investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. There has been no change from the valuation technique used in the prior year.

	Fair value at 31 December		Fair value hierarchy	Valuation technique(s) and significant unobservable inputs	Relationship of unobservable inputs to fair value
	2023 HK$'000	**2024** **HK$'000**			
Investment properties in Huizhou	129,022	**116,293**	Level 3	Direct comparison method – based on estimated market price per square meter, using market unobservable comparable prices of similar properties ranging from RMB11,991/sq.m. to RMB12,086/sq.m. (equivalent to HK$12,712/sq.m. to HK$12,812/sq.m.) (2023: from RMB12,500/sq.m. to RMB13,600/sq.m. (equivalent to HK$13,702/sq.m. to HK$14,908/sq.m.)), and adjusted taking into account locations and other individual factors such as size of property and conditions of properties.	The higher the estimated market price, the higher the fair value.
Investment properties in Haifeng County	80,461	**74,933**	Level 3	Direct comparison method – based on estimated market price per square meter, using market unobservable comparable prices of similar properties ranging from RMB16,386/sq.m. to RMB17,347/sq.m. (equivalent to HK$17,371/sq.m. to HK$18,390/sq.m.) (2023: from RMB17,933/sq.m. to RMB18,750/sq.m. (equivalent to HK$19,658/sq.m. to HK$20,553/sq.m.)), and adjusted taking into account locations and other individual factors such as road frontage, size of property and conditions of properties.	The higher the estimated market price, the higher the fair value.

The key unobservable input is the estimated market price per square meter. A significant increase/decrease in the estimated market price will result in a significant increase/decrease in the fair value of the completed investment properties.

16. GOODWILL

	Gold Coast CGU HK$'000 *(Note 16(a))*	Hong Hai Bay Project HK$'000 *(Note 16(b))*	Jin Bao Cheng Project HK$'000 *(Note 16(b))*	Total HK$'000
2024				
Cost at 1 January 2024, net of accumulated impairment	–	103,057	94,257	197,314
Exchange realignment	–	(3,109)	(3,422)	(6,531)
Net carrying amount at 31 December 2024	–	99,948	90,835	190,783
At 31 December 2024				
Cost	13,145	99,948	90,835	203,928
Accumulated impairment	(13,145)	–	–	(13,145)
Net carrying amount	–	99,948	90,835	190,783

16. GOODWILL (Continued)

Impairment testing of goodwill

16(a) Goodwill arising from the acquisition of 100% equity interests in Gold Coast Tourism Development Limited and its wholly-owned subsidiary involving 深圳市深汕特別合作區金麗灣度假村有限公司 (the "Gold Coast CGU") in property development and investment business in February 2009 was fully impaired during the year ended 31 December 2011.

16(b) Goodwill arising from the acquisition of 100% equity interests in two wholly-owned subsidiaries comprising 汕尾大中華國際實業有限公司 and 汕尾市大中華實業有限公司 with two property development projects namely Hong Hai Bay Project and Jin Bao Cheng Project in October 2013 in property development and investment business is subject to the impairment test.

At 31 December 2024, the management assessed the recoverable amount of Jin Bao Cheng Project with reference to value in use calculations using cash flow projections based on financial budgets and forecasts covering a five-year period and the expected development project period approved by the management. The post-tax discount rate applied to the cash flow projection was 10.1%. The implied pre-tax discount rates for the cash flow projection were 18.4%. An independent professionally qualified valuer, Ravia, was engaged to assist the Group in determining the estimated value in use.

Key assumptions used in the cash flow projections to undertake impairment testing of the goodwill allocated to Jin Bao Cheng Project are as follows:

Budgeted gross margins – the budgeted gross margins of 20.1% based on the average gross margins expected to achieve from the development of Jin Bao Cheng Project.

Discount rates – the discount rates used are before tax and reflect specific risks relating to the Jin Bao Cheng Project.

The Group believes that any reasonably possible change in any of these assumptions on which recoverable amounts are based would not cause the aggregate carrying amounts of the Jin Bao Cheng Project to exceed its aggregate recoverable amount. Accordingly, no impairment loss of goodwill of Jin Bao Cheng Project was recognised for the year ended 31 December 2024.

At 31 December 2024, the management assessed the recoverable amount of Hong Hai Bay Project with fair value less costs of disposal under asset-based approach. An independent professional valuer, Ravia, was engaged to assist the Group in determining the recoverable amount.

16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

16(b) *(Continued)*

Key assumptions used for fair value less costs of disposal under asset-based approach is the estimated market price per square meter using unobservable comparable prices of similar properties of approximately RMB670/sq.m. and adjusted taking into account locations and other individual factors such as conditions of the development project. The fair value measurement is categorised as a Level 3 fair value based on the inputs used.

The values assigned to key assumptions are consistent with external information sources.

The Group believes that any reasonably possible change in any of these assumptions on which recoverable amounts are based would not cause the aggregate carrying amounts of the Hong Hai Bay Project to exceed its aggregate recoverable amount. Accordingly, no impairment loss of goodwill of Hong Hai Bay Project was recognised for the year ended 31 December 2024.

At 31 December 2023, the Group assessed the recoverable amount of Hong Hai Bay Project and Jin Bao Cheng Project with reference to value in use calculations using cash flow projections based on financial budgets and forecasts covering a five-year period and the expected development project period approved by the management. The post-tax discount rate applied to the cash flow projection were 11.0% and 11.0%, respectively. The implied pre-tax discount rates for the cash flow projection were 16.1% and 12.1%, respectively. An independent professionally qualified valuer, Roma, was engaged to assist the Group in determining the estimated value in use.

Key assumptions used in the cash flow projections to undertake impairment testing of the goodwill are as follows:

Budgeted gross margins – the budgeted gross margins of 31.2% and 18.4% based on the average gross margins expected to achieve from the development of Hong Hai Bay Project and Jin Bao Cheng Project, respectively.

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

The values assigned to key assumptions are consistent with external information sources.

The Group believed that any reasonably possible change in any of these assumptions on which recoverable amount was based would not cause the carrying amount to exceed the recoverable amount. Accordingly, no impairment of goodwill was recognised during the year ended 31 December 2023.

17. INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries at the end of each reporting period are as follows:

Name of subsidiary	Country/place of incorporation and operation	Particulars of issued and paid-up share capital/registered capital	Percentage of equity attributable to the Company Directly %	Indirectly %	Principal activities
Mega Top Capital Resources Limited	Hong Kong	HK$1	100	–	Property investment
China Waytung Group Limited	Hong Kong	HK$1	100	–	Investment holding
Gold Coast Tourism Development Limited	Hong Kong	HK$10,000	–	100	Investment holding
深圳市深汕特別合作區金麗灣度假村有限公司# *(Note (i))*	The PRC	Registered capital of United States Dollars ("US$") 22,500,000 Paid-up capital of US$9,549,929 *(Note (iii))*	–	100	Operation of resort business, property development
滙通天下控股(中國)有限公司# *(Note (i))*	The PRC	Registered and paid-up capital of RMB50,000,000	–	100	Investment holding
Asiatic Talent Limited#	British Virgin Islands ("BVI")	US$1	100	–	Investment holding
Guo Rong Limited#	The BVI	US$1	–	100	Investment holding
Great China Property Group Limited	Hong Kong	HK$1	–	100	Investment holding
大中華實業(惠州)有限公司# *(Note (i))*	The PRC	Registered and paid-up capital of RMB45,000,000	–	100	Property development
Great China Properties (Shanghai) Limited	Hong Kong	HK$1	100	–	Investment holding
Stand Gold Limited#	The BVI	US$1	100	–	Investment holding
Prime Rosy Limited#	The BVI	US$1	–	100	Investment holding

17. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Country/place of incorporation and operation	Particulars of issued and paid-up share capital/registered capital	Percentage of equity attributable to the Company Directly %	Percentage of equity attributable to the Company Indirectly %	Principal activities
Great China International Holding Group Limited	Hong Kong	HK$30,000,000	–	100	Investment holding
汕尾大中華國際實業有限公司 ("Shanwei GCI")# *(Note (i))*	The PRC	Registered and paid-up capital of RMB50,000,000	–	100	Property development
汕尾市大中華實業有限公司# *(Note (ii))*	The PRC	Registered and paid-up capital of RMB10,000,000	–	100	Property development
唐山市曹妃甸區中泰信和房地產開發有限公司# *(Note (ii))*	The PRC	Registered and paid-up capital of RMB10,000,000	–	99.99	Property development
惠州喜悦生活物業管理有限公司# *(Note (i))*	The PRC	Registered and paid-up capital of RMB500,000	–	100	Provision of management service to and operation of properties
YL Capital Partners Limited *(Note (iv))*	Hong Kong	HK$3,834,000	–	– (2023: 100)	Securities advisory and asset management services (not yet commenced)

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Notes:

(i) Registered under the laws of the PRC as wholly-owned foreign enterprise.

(ii) Registered under the laws of the PRC as domestic enterprise.

(iii) The remaining registered capital of US$12,950,071 are committed to be injected by the Group on or before 20 March 2053.

(iv) YL Capital Partners Limited, has been disposed to a substantial shareholder of the Company during the year ended 31 December 2024. Details are set out in Note 35 to the consolidated financial statements.

18. INTERESTS IN ASSOCIATES

	2024 **HK$'000**	2023 HK$'000
Share of net assets	**–**	–

Details of the associates at the end of each reporting period are as follows:

Name	Country/Place of incorporation and operation	Particulars of issued and paid-up share capital/paid-up capital	Percentage of equity attributable to the Company Directly %	Percentage of equity attributable to the Company Indirectly %	Principal activities
Success Yield Group Limited ("Success Yield")#	The BVI	US$200	50	–	Investment holding
Champion Delight Holdings Limited ("Champion Delight")#^	Hong Kong	HK$1	–	50	Investment holding
上海合茂房地產發展有限公司 ("上海合茂")#^	The PRC	Registered and paid-up capital of RMB630,000,000	–	50	Property development

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^ Being a wholly-owned subsidiary of Success Yield.

All of above associates are private companies and there is no quoted market price available for the investments.

Pursuant to the cooperation agreement dated 16 December 2013 entered into between the Group and Greenland Hong Kong Holdings Limited ("Greenland") (the "Agreement"), although the Group holds 50% equity interest of Success Yield, Greenland has the power and the ability to use its power to affect Success Yield's returns. Since the Group does not have joint control over Success Yield, it is accounted for by the Group as investments in associates. The following table illustrates the summarised financial information of Success Yield and its subsidiaries (collectively known as "Success Yield Group") adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements.

18. INTERESTS IN ASSOCIATES (Continued)

	2024 **HK$'000** *(Note)*	2023 HK$'000
Current assets	**2,442,650**	2,530,654
Non-current assets	**171**	384
Current liabilities	**(2,591,997)**	(2,681,939)
Net liabilities	**(149,176)**	(150,901)

	2024 **HK$'000** *(Note)*	2023 HK$'000
Revenue	**21,565**	32,600
Loss for the year	**(1,902)**	(1,000)
Other comprehensive income	**3,627**	4,371
Total comprehensive income for the year	**1,725**	3,371

Unrecognised share of loss of associates

The unrecognised share of profit of associates for the current year and cumulative losses up to 31 December 2024 amounted to approximately HK$863,000 (2023: share of profit of approximately HK$1,685,000) and approximately HK$74,588,000 (2023: approximately HK$75,451,000), respectively.

Note:

The summarised financial information has been prepared based on unaudited financial information up to 30 June 2024 provided by Success Yield Group with the best effort of the management.

19. LOAN RECEIVABLE FROM AN ASSOCIATE, NET

The loan receivable from an associate is unsecured, non-interest bearing and has no fixed repayment term.

According to the Agreement, the Group and Greenland are each to provide shareholders' loans to Champion Delight, the wholly-owned subsidiary of Success Yield, for the joint development of a real estate project by 上海合茂 which is wholly-owned by Champion Delight. Success Yield is owned 50% each by the Group and Greenland.

Pursuant to the loan contribution schedule in the Agreement, the Group was to make shareholder's loans of approximately RMB314,922,000 (equivalent to approximately HK$385,622,000) to Champion Delight by April 2014. However, due to a disagreement over the execution and operation of the real estate project, the Group claimed that Greenland was in breach of the Agreement so it has only made aggregate loans of approximately RMB123,922,000 (equivalent to approximately HK$131,370,000) (2023: approximately RMB123,922,000 (equivalent to approximately HK$135,843,000)) at 31 December 2024, net of an impairment loss of approximately RMB5,288,000 (equivalent to approximately HK$5,603,000) (2023: approximately RMB5,288,000 (equivalent to approximately HK$5,796,000)) provided in prior years; while Greenland also alleged that the Group has breached the Agreement by not making the loans according to the schedule stipulated in the Agreement.

At 31 December 2024, Greenland had unilaterally made additional loans of approximately RMB191,000,000 (equivalent to approximately HK$202,479,000) which was originally payable by the Group to Champion Delight and claimed its alleged right under the Agreement to dilute the Group's shareholding in Success Yield according to the contributed loan balances. However, up to the date of this report, Greenland has not taken any steps to dilute the shareholding of the Group in Success Yield.

In the opinion of the directors of the Company, pending the resolution of the aforesaid disagreement, the Group is not obligated to make further loans to Champion Delight at present stage according to the Agreement. Accordingly, the amount of outstanding loan commitment of approximately RMB191,000,000 (equivalent to approximately HK$202,479,000) (2023: approximately RMB191,000,000 (equivalent to approximately HK$209,374,000)) is disclosed as a commitment of the Group (Note 33).

19. LOAN RECEIVABLE FROM AN ASSOCIATE, NET (Continued)

In the preparation of the consolidated financial statements for the year ended 31 December 2024, the Group has taken all reasonable steps and used its best endeavour to request the Success Yield Group to provide the updated financial information and relevant supporting documents, including but not limited to the books and records of the Success Yield Group as at and for the year ended 31 December 2024. No response to the Group's request have been received up to the date of approval of the consolidated financial statements.

In January 2025, the Company has received a civil complaint (the "Complaint") issued by The First Intermediate People's Court of Shanghai (the "Court"), informing that the Court has accepted the case filed by the Company as the plaintiff (the "Plaintiff") against Greenland and 上海合茂, as the defendants (the "Defendants"), in respect of the shareholder's loan under the cooperation agreement.

Based on the Complaint, the claims (the "Claims") alleged by the Plaintiff under the Complaint are to request the Defendants to pay to the Plaintiff the shareholder's loan of approximately RMB123.9 million (equivalent to approximately HK$134.2 million), the relevant interests and all litigation costs of this case to be borne by the Defendants.

20. PROPERTIES UNDER DEVELOPMENT

Further particulars of the Group's properties under development are included in "Particulars of Major Properties" on page 114.

21. PROPERTIES HELD FOR SALE

	2024 **HK$'000**	2023 HK$'000
Completed properties held for sale	**262,808**	108,989
Properties held for sale under development	**490,979**	695,800
	753,787	804,789
Properties held for sale under development expected to be recovered:		
– After one year	**490,979**	695,800

22. TRADE RECEIVABLES

Trade receivables mainly represent sale proceeds in respect of sold properties and property management fee receivables. Sale proceeds in respect of sold properties are payable by the purchasers pursuant to the terms of sale and purchase agreements. Rental in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by the management. In view of the aforementioned and the fact that the Group's trade receivables relate to a certain number of diversified customers, 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 and unsecured. The carrying amounts of the trade receivables approximate to their fair values. An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	2024 **HK$'000**	2023 HK$'000
Within 30 days	**1,804**	38
31 to 60 days	**22**	60
61 to 90 days	**24**	90
Over 90 days	**994**	861
	2,844	1,049

The amount of trade receivables that were past due but not impaired is the same as the above ageing analysis of trade receivables.

Receivables that were past due but not impaired relate to a number of diversified customers. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. To measure ECL, trade receivables have been grouped based on shared credit risk characteristics which is the days past due. Expected loss rate of the overall trade receivables is assessed to be 0.1%. Based on evaluation on expected loss rate and gross carrying amount, the directors of the Company are of the opinion that the ECL in respect of these balances is considered immaterial and therefore there has not been a provision of loss allowance.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Prepayments	**5,291**	24,319
Deposits paid	**122**	184
Other receivables	**7,063**	14,830
	12,476	39,333
Less: Loss allowance for other receivables	**–**	(1,395)
	12,476	37,938

Prepayments, deposits and other receivables are non-interest-bearing, unsecured and repayable within one year, except for a balance of approximately RMB2,400,000 (equivalent to approximately HK$2,544,240) (2023: approximately RMB2,400,000 (equivalent to approximately HK$2,630,880)) included in other receivables which is interest bearing at an interest rate in the corresponding period as published by the People's Bank of China.

The movements in the loss allowance for other receivables are as follows:

	2024 HK$'000	2023 HK$'000
At the beginning of the reporting period	**1,395**	1,435
Amount written off as uncollectible	**(1,350)**	–
Exchange realignment	**(45)**	(40)
At the end of the reporting period	**–**	1,395

At 31 December 2023, the loss allowance for other receivables represents a provision for individually impaired other receivable of approximately RMB1,272,000 (equivalent to approximately HK$1,395,000). The individually impaired other receivables relate to a third party with outstanding balances which are not expected to be recovered, and then, the management considered to write off such balance on 31 December 2024.

All of the prepayments, deposits and other receivables are expected to be recognised as expenses, utilised or recovered within one year.

24. CASH AND CASH EQUIVALENTS

	Note	2024 HK$'000	2023 HK$'000
Cash and bank balances		**32,760**	46,472
Less: Pledged bank balances	*(i)*	**(4,619)**	(4,770)
Restricted bank balances	*(ii)*	**(21,446)**	(26,651)
Total cash and cash equivalents (as stated in consolidated statement of cash flows)		**6,695**	15,051

Notes:

(i) At 31 December 2024 and 2023, certain bank balances were pledged for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

(ii) Restricted bank balances mainly comprise guaranteed funds to construction projects and pre-sell property to meet local authorities' requirements.

At the end of the reporting period, cash and bank balances of the Group denominated in RMB amounted to approximately HK$29,757,000 (2023: approximately HK$34,263,000) that were placed with banks in the PRC. RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and bank balances are deposited with creditworthy banks with no recent history of default.

25. TRADE PAYABLES

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

	2024 HK$'000	2023 HK$'000
Within 30 days	**253**	723
31 to 60 days	**347**	118
61 to 90 days	**817**	323
Over 90 days	**23,894**	44,193
	25,311	45,357

26. OTHER PAYABLES AND ACCRUALS

	Notes	2024 HK$'000	2023 HK$'000
Deposits received		**835**	2,571
Contract liabilities	*26(a)*	**54,044**	114,552
Other taxes payables		**22,485**	23,408
Other payables and accruals		**28,795**	26,796
Provision for a legal claim	*26(b)*	**19,586**	20,253
		125,745	187,580

26(a) Contract liabilities

The Group recognised the HKFRS 15 revenue-related contract liabilities as the Group receives payments from customers based on billing schedules as established in the property sale contracts. Payments are usually received in advance of the performance of the contracts which is mainly the sales of properties.

The revenue from sales of properties recognised related to brought-forward contract liabilities during the year ended 31 December 2024 is approximately HK$79,501,000 (2023: approximately HK$13,018,000).

At 31 December 2024, the transaction price allocated to the performance obligations that are unsatisfied related to sales of properties and expected to be satisfied within one year is approximately HK$73,002,000 (2023: approximately HK$144,133,000).

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2024 HK$'000	2023 HK$'000
At 1 January	**114,552**	60,337
Recognised as revenue	**(83,477)**	(13,670)
Receipt of advances or recognition of receivables	**29,002**	70,915
Refund/Forfeited for the year	**(3,476)**	(891)
Exchange realignment	**(2,557)**	(2,139)
At 31 December	**54,044**	114,552

The changes in contract liabilities during the year ended 31 December 2024 were mainly due to the satisfaction of the performance obligation in related the sales of properties.

At 31 December 2024, none of the contract liabilities that are expected to be settled after more than 12 months (2023: nil).

26. OTHER PAYABLES AND ACCRUALS (Continued)

26(b) Provision for a legal claim

During the year ended 31 December 2020, a constructor of Shanwei GCI, a subsidiary of the Company, submitted an application for civil case proceedings at Shanwei Intermediate People's Court (the "Intermediate Court") for termination of a construction agreement ("Construction Agreement") and claiming approximately RMB48,457,000 (equivalent to approximately HK$59,336,000) for outstanding construction costs with accrued interests (the "Outstanding Construction Cost"), losses due to the cessation of the construction and potential profits from the remaining construction work in accordance with the Construction Agreement. A land held by Shanwei GCI was seized by the Intermediate Court due to the litigation.

During the year ended 31 December 2023, the Intermediate Court issued a final judgement dated 21 December 2023 ("Final Judgement") in relation to the civil case which require Shanwei GCI to pay the constructor of Shanwei GCI for a total of approximately RMB18,476,000 (equivalent to approximately HK$20,253,000), including the (i) Outstanding Construct Cost of approximately RMB5,242,000 (equivalent to approximately HK$5,746,000), (ii) compensation for suspension of construction of approximately RMB11,296,000 (equivalent to approximately HK$12,382,000) and (iii) other miscellaneous cost of approximately RMB1,938,000 (equivalent to approximately HK$2,125,000).

Based on the legal opinion of the Group's legal counsel in the PRC, the directors of the Company are of the opinion that an outflow of economic benefits is highly required based on the Final Judgement. Therefore, an addition of provision for corresponding claim of approximately RMB4,440,000 (equivalent to approximately HK$4,867,000) was provided during the year ended 31 December 2023.

During the year ended 31 December 2024, Shanwei GCI has lodged an appeal against the Final Judgement to the High People's Court of Guangdong Province (the "High Court"). On 29 April 2024, the High Court affirmed the Final Judgment (the "High Court Judgement"). The High Court Judgement required Shanwei GCI to pay the constructor of Shanwei GCI for a total of approximately RMB16,684,000 (equivalent to approximately HK$18,066,000), including the (i) Outstanding Construct Cost of approximately RMB4,718,000 (equivalent to approximately HK$5,109,000), (ii) compensation for suspension of construction of approximately RMB9,036,000 (equivalent to approximately HK$9,784,000) and (iii) other miscellaneous cost of approximately RMB2,930,000 (equivalent to approximately HK$3,173,000).

Subsequent to the High Court Judgement, Shanwei GCI has lodged a written retrial petition to the Supreme People's Court of the PRC (the "Supreme Court") and up to the date of the report, the case is pending for the hearing.

The directors of the Company believe the Group's exposure to the legal claim would be largely limited to the provision amount as recognised at 31 December 2024 and 2023. And therefore, no further provision or reversal of the provision for the legal claim is required for the year ended 31 December 2024.

27. PROMISSORY NOTE

During the year ended 31 December 2024, a promissory note with a principal amount of approximately HK$16,800,000 (2023: HK$22,300,000) was issued by the Company to an independent third party. The promissory note is unsecured, interest-bearing at 5% per annum and repayable on demand (2023: The promissory note is unsecured, interest-bearing at 5% per annum and repayable on 30 June 2024).

28. AMOUNTS DUE TO RELATED COMPANIES

The amounts due to related companies are unsecured, non-interest bearing, and repayable on demand. Related companies represent companies in which Mr. Huang Shih Tsai, a substantial shareholder, has equity interests and/or directorships and over which Mr. Huang Shih Tsai is able to exercise control. The amounts represent advances to the Group for its working capital requirements.

29. AMOUNTS DUE TO SUBSTANTIAL SHAREHOLDERS

At the end of the reporting period, balance amounting to approximately HK$3,000,000 (2023: HK$3,000,000) is unsecured, interest-bearing at 5% per annum and repayable on demand. The remaining balances are unsecured, non-interest bearing and repayable on demand. The amounts represent advances to the Group for its working capital requirements.

30. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the years ended 31 December 2024 and 2023 are as follows:

Deferred tax liabilities

	Investment properties HK$'000	Properties held for sale HK$'000	Properties under development HK$'000	Total HK$'000
At 1 January 2023	37,803	61,724	66,757	166,284
Deferred tax credited to profit or loss during the year *(Note 10)*	–	(407)	–	(407)
Exchange realignment	(1,069)	(1,742)	(1,888)	(4,699)
At 31 December 2023 and 1 January 2024	36,734	59,575	64,869	161,178
Deferred tax credited to profit or loss during the year *(Note 10)*	(2,901)	(3,341)	–	(6,242)
Exchange realignment	(1,149)	(1,892)	(2,136)	(5,177)
At 31 December 2024	**32,684**	**54,342**	**62,733**	**149,759**

30. DEFERRED TAX LIABILITIES (Continued)

Deferred tax liabilities (Continued)

At the end of the reporting period, the Group had unrecognised tax losses of approximately HK$65,388,000 (2023: approximately HK$80,560,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Included in these tax losses, tax losses of approximately HK$22,478,000 (2023: approximately HK$22,478,000) arising in Hong Kong have no expiry date under current tax legislation, and tax losses of subsidiaries in the PRC have an utilisation period of 5 years as pre-determined by the tax rule and legislation of the PRC (2023: 5 years). At the end of the reporting period, the Group had the following tax losses arising in the PRC that can be offset against future taxable profits of the respective subsidiaries for a maximum of 5 years (2023: 5 years) from the year in which the tax loss was incurred:

	2024 **HK$'000**	2023 HK$'000
Year of expiry		
2024	**–**	10,822
2025	**8,894**	11,853
2026	**7,440**	7,693
2027	**8,045**	13,866
2028	**8,980**	13,848
2029	**9,551**	–
	42,910	58,082

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

At 31 December 2024, there was no unremitted earnings of the Group's subsidiaries established in the PRC (2023: Nil). There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

31. SHARE CAPITAL

	2024 HK$'000	2023 HK$'000
Issued and fully paid:		
3,975,233,406 (2023: 3,975,233,406) ordinary shares	**983,266**	983,266

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

	Number of shares in issue '000	Issued capital HK$'000	Capital reduction reserve HK$'000	Total HK$'000
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	3,975,233	983,266	265,505	1,248,771

32. SHARE OPTION SCHEME

The Company adopted a share option scheme on 23 May 2011 (the "2011 Share Option Scheme"). The purpose of the 2011 Share Option Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing the value of the Company and the shares for the benefit of the Company and the shareholders as a whole. The board of directors of the Company may, at its sole discretion, invite directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, and service providers of any member of the Group to take up options to subscribe for shares in the Company. The participants need to remit HK$1 as consideration for the grant of an option.

The 2011 Share Option Scheme is adopted for a period of 10 years commencing on 23 May 2011. The option period shall not exceed 10 years from the date of grant of option.

The maximum number of shares which may be granted under the 2011 Share Option Scheme must not in aggregate exceed 10% of the shares in issue at the date of adoption of the 2011 Share Option Scheme or the date of approval by the shareholders in general meeting where the limit is refreshed. The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each individual in any 12-month period up to and including the date of grant shall not exceed 1% of the shares in issue at the date of grant unless approval from Company's shareholders has been obtained. Options granted to a substantial shareholder or an independent non-executive director of the Company in excess of 0.1% of the total number of shares in issue or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

32. SHARE OPTION SCHEME (Continued)

Options may be exercised at any time during the specified option period. The exercise price shall be determined by the board of directors of the Company, and shall be at least the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares. The maximum number of shares which may be issued upon exercise of all options granted and yet to be exercised under the 2011 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time.

Details of the share options granted by the Company under the 2011 Share Option Scheme are as follows:

Date of grant	Exercisable period	Number of share options granted	Exercise price	Fair value at grant date
			HK$	HK$
23 January 2013	23 January 2015 to 22 January 2023	10,000,000	0.44	0.292

The Group did not recognise any share-based payment expense for the year ended 31 December 2023, and the share option under the 2011 Share Option Scheme have been lapsed on 22 January 2023.

The fair value of the share options granted at the date of grant was calculated using the Black-Scholes Option Pricing Model. The inputs into the model were as follows:

Expected volatility	58.690%
Risk-free rate	0.975%
Expected life of option	8 years

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other feature of the share options granted was incorporated into measurement of the fair value.

32. SHARE OPTION SCHEME (Continued)

Details of the movement of the Company's share options are as follows:

				Number of shares in respect of options				
Name of participant	Date of grant	Exercise price per share HK$	Exercisable period	Outstanding at 1 January 2023	Granted during the year	Exercised during the year	Forfeited during the year	Outstanding at 31 December 2023
2023								
Directors:								
Huang Shih Tsai	23/1/2013	0.44	23/1/2015 – 22/1/2023	1,000,000	–	–	(1,000,000)	–
Huang Wenxi	23/1/2013	0.44	23/1/2015 – 22/1/2023	1,000,000	–	–	(1,000,000)	–
Cheng Hong Kei	23/1/2013	0.44	23/1/2015 – 22/1/2023	1,000,000	–	–	(1,000,000)	–
Leung Kwan, Hermann	23/1/2013	0.44	23/1/2015 – 22/1/2023	1,000,000	–	–	(1,000,000)	–
Lum Pak Sum	23/1/2013	0.44	23/1/2015 – 22/1/2023	1,000,000	–	–	(1,000,000)	–
Subtotal				5,000,000	–	–	(5,000,000)	–
Employees:								
In aggregate	23/1/2013	0.44	23/1/2015 – 22/1/2023	500,000	–	–	(500,000)	–
Total				5,500,000	–	–	(5,500,000)	–

33. COMMITMENTS

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

	2024 **HK$'000**	2023 HK$'000
Contracted, but not provided for:		
Construction and development of properties	**196,326**	256,574
Loan contributions payable to an associate *(Note 19)*	**202,479**	209,374
	398,805	465,948

34. CONTINGENT LIABILITIES

At 31 December 2024, the Group has contingent liabilities of approximately RMB155,632,000 (equivalent to approximately HK$164,985,000) (2023: approximately RMB153,592,000 (equivalent to approximately HK$168,368,000)) of which the Group has given guarantees of approximately RMB155,632,000 (equivalent to approximately HK$164,985,000) (2023: approximately RMB153,592,000 (equivalent to approximately HK$168,368,000)) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that, in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore the guarantees have not been recognised in the consolidated financial statements for the years ended 31 December 2024 and 2023.

35. DISPOSAL OF A SUBSIDIARY

During the year ended 31 December 2024, the Group entered into a sale and purchase agreement with the one of the Company's substantial shareholders for the disposal of the entire issued share capital in YL Capital Partners Limited ("YL Capital") at a consideration of HK$1,080,000 which was settled through the amounts due to substantial shareholders. The transaction was completed in 31 December 2024 with a loss on disposal of approximately HK$833,000.

The net assets of YL Capital at date of disposal were as follows:

	HK$'000
Other receivables	12,141
Deposit held by a securities broker	121
Bank balances	4,078
Accrued charges	(7)
Amount due to a director	(14,420)
Net assets of YL Capital	1,913
Total consideration received	1,080
Loss on disposal	(833)
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	(4,078)

36. RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel, including amounts paid/payable to the directors of the Company, of the Group:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and benefits in kind	1,734	1,352
Pension scheme contributions	18	18
Total compensation paid to key management personnel	1,752	1,370

Further details of directors' emoluments are included in Note 8 to the consolidated financial statements.

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Financial assets at amortised cost	
	2024	2023
	HK$'000	HK$'000
Financial assets		
Loan receivable from an associate, net	**125,767**	130,047
Trade receivables	**2,844**	1,049
Financial assets included in prepayments, deposits and other receivables* *(Note 23)*	**7,185**	13,619
Cash and bank balances	**32,760**	46,472
	168,556	191,187

* Excluding prepayments

	Financial liabilities at amortised cost	
	2024	2023
	HK$'000	HK$'000
Financial liabilities		
Trade payables	**25,311**	45,357
Financial liabilities included in other payables and accruals* *(Note 26)*	**29,630**	29,367
Promissory note	**16,800**	22,300
Lease liabilities	**554**	105
Amounts due to related companies	**232,255**	185,239
Amounts due to substantial shareholders	**725,132**	775,259
	1,029,682	1,057,627

* Excluding contract liabilities, other taxes payables and provision for a legal claim

38. ADDITIONAL INFORMATION ON CASH FLOWS

(a) Major non-cash transactions

In addition to information disclosed elsewhere in the consolidated financial statements, the Group has following major non-cash transactions:

(i) During the year ended 31 December 2024, the Group signed new lease agreements and renewed its lease arrangements in respect of office premises with a total capital value at the inception of the leases of approximately HK$2,453,000 (2023: Nil).

(ii) During the year ended 31 December 2024, the consideration of the disposal of YL Capital of HK$1,080,000 was settled through the amounts due to substantial shareholders.

(b) Reconciliation of liabilities arising from financing activities

The movements during the years ended 31 December 2024 and 2023 in the Group's liabilities arising from financing activities are as follows:

			Non-cash changes				
	At 1 January 2024 HK$'000	**Net cash flow HK$'000**	**New lease HK$'000**	**Interest expenses HK$'000**	**Consideration of the disposal of a subsidiary HK$'000**	**Foreign exchange movement HK$'000**	**At 31 December 2024 HK$'000**
Year ended 31 December 2024							
Amounts due to substantial shareholders	**775,259**	**(24,109)**	**–**	**150**	**(1,080)**	**(25,088)**	**725,132**
Amounts due to related companies	**185,239**	**53,116**	**–**	**–**	**–**	**(6,100)**	**232,255**
Promissory note	**22,300**	**(5,500)**	**–**	**–**	**–**	**–**	**16,800**
Leases liabilities	**105**	**(1,993)**	**2,453**	**–**	**–**	**(11)**	**554**
	982,903	**21,514**	**2,453**	**150**	**(1,080)**	**(31,199)**	**974,741**

			Non-cash changes				
	At 1 January 2023 HK$'000	Net cash flow HK$'000	New lease HK$'000	Interest expenses HK$'000	Consideration of the disposal of a subsidiary HK$'000	Foreign exchange movement HK$'000	At 31 December 2023 HK$'000
Year ended 31 December 2023							
Amounts due to substantial shareholders	799,748	(2,429)	–	109	–	(22,169)	775,259
Amounts due to related companies	173,751	16,401	–	–	–	(4,913)	185,239
Promissory note	–	22,300	–	–	–	–	22,300
Leases liabilities	1,878	(1,743)	–	–	–	(30)	105
	975,377	34,529	–	109	–	(27,112)	982,903

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise promissory note, lease liabilities, amounts due to related companies and substantial shareholders and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The majority of the subsidiaries of the Group are operated in the PRC and most of their transactions are denominated in RMB. The exchange rate of RMB against HK$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group is exposed to foreign currency risk primarily through amounts due to related companies and substantial shareholders that are denominated in currencies other than the functional currency of the group entities / Company. The Group did not have significant exposure to foreign exchange risk arising from daily operating activities of the subsidiaries because their main operations are conducted in their functional currency.

At the end of the reporting period, if the exchange rates of RMB/HK$ had strengthened/weakened by 5% (2023: 5%) with all other variables held constant, the Group's profit for the year would have been approximately HK$37,863,000 lower/higher (2023: loss for the year would have been approximately HK$40,556,000 higher/lower).

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to Group's exposure to currency risk for all financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes in foreign currency represent the management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period.

Credit risk

The Group trades only with and provides services only to recognised and creditworthy third parties and receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and bank balances, deposits and other receivables and loan receivable from an associate arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments have low credit risk as the directors of the Company consider the credit risk in respect of cash and bank balances is minimal because the counter-parties are authorised financial institution with high credit ratings. In respect of deposits and other receivables and loan receivable from an associate, the directors of the Company consider the counter-parties with strong capacity to meet its contractual cash flow obligations in the near term and low risk of default.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

In estimating the ECL, the Group has taken into account the historical actual credit loss experience over the past three years and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. The directors of the Company consider the ECL of these financial assets to be insignificant after taking into account the financial position and credit quality of the counterparties.

There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different sectors. The Group does not hold any collateral over trade receivables.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 22 to the consolidated financial statements.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of its financial instruments and projected cash flows from operations.

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

	Total carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Less than 1 year or on demand HK$'000
At 31 December 2024			
Trade payables	25,311	25,311	25,311
Other payables and accruals	29,630	29,630	29,630
Promissory note	16,800	16,800	16,800
Amounts due to related companies *(Note)*	232,255	232,255	232,255
Amounts due to substantial shareholders *(Note)*	725,132	725,132	725,132
Lease liabilities	554	555	555
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	164,985	164,985	164,985
	1,194,667	1,194,668	1,194,668

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

	Total carrying amount HK$'000	Total contractual undiscounted cash flow HK$'000	Less than 1 year or on demand HK$'000
At 31 December 2023			
Trade payables	45,357	45,357	45,357
Other payables and accruals	29,367	29,367	29,367
Promissory note	22,300	22,858	22,858
Amounts due to related companies *(Note)*	185,239	185,239	185,239
Amounts due to substantial shareholders *(Note)*	775,259	775,259	775,259
Lease liabilities	105	106	106
Guarantees given to banks in respect of mortgage facilities granted to certain purchasers of the Group's properties	168,368	168,368	168,368
	1,225,995	1,226,554	1,226,554

Note: A substantial shareholder has confirmed that he will not demand repayment of the amounts due to him of approximately HK$698,477,000 (2023: approximately HK$748,754,000) and due to companies controlled by him of approximately HK$232,255,000 (2023: approximately HK$185,239,000) until the Group is in a position to do so.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2024 and 2023.

The Group monitors capital using a gearing ratio calculated on the basis of interest-bearing bank borrowings over total equity. The Group targets to maintain a gearing ratio of 70% or below.

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the Companies Ordinance, the statement of financial position of the Company and the movements in its reserves are set out below:

	Notes	2024 HK$'000	2023 HK$'000
NON-CURRENT ASSETS			
Interests in subsidiaries	17	1,556,439	1,646,553
Right-of-use assets		–	32
Total non-current assets		1,556,439	1,646,585
CURRENT ASSETS			
Prepayments, deposits and other receivables		478	473
Cash and bank balances		2,908	11,968
Total current assets		3,386	12,441
CURRENT LIABILITIES			
Other payables and accruals		4,679	3,736
Promissory note	27	16,800	22,300
Amounts due to subsidiaries		9,440	9,452
Amounts due to substantial shareholders		725,132	781,536
Lease liabilities		–	32
Total current liabilities		756,051	817,056
NET CURRENT LIABILITIES		(752,665)	(804,615)
Total assets less current liabilities		803,774	841,970
Net assets		803,774	841,970

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	Notes	2024 HK$'000	2023 HK$'000
EQUITY			
Share capital	*31*	**983,266**	983,266
Reserves	*40(a)*	**(179,492)**	(141,296)
Total equity		**803,774**	841,970

The statement of financial position was approved and authorised for issue by the Board of Directors on 31 March 2025 and signed on its behalf by

Director
Huang Shih Tsai

Director
Huang Wenxi

40. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

(a) Movements of the reserves

	Capital reduction reserve *(Note 31)* *(Note i)* HK$'000	Share-based payment reserve *(Note 32)* *(Note ii)* HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	265,505	1,607	(355,012)	(87,900)
Loss for the year and total comprehensive loss for the year	–	–	(53,396)	(53,396)
Lapse of share option	–	(1,607)	1,607	–
At 31 December 2023 and 1 January 2024	265,505	–	(406,801)	(141,296)
Loss for the year and total comprehensive loss for the year	–	–	(38,196)	(38,196)
At 31 December 2024	**265,505**	**–**	**(444,997)**	**(179,492)**

Notes:

(i) The capital reduction reserve represents the surplus arising from capital reduction transaction, and the reserve is non-distributable.

(ii) The share-based payment reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payment transactions in the notes to the consolidated financial statements.

(iii) No reserves of the Company at 31 December 2024 and 2023, calculated under Part 6 of the Company Ordinance, is available for distribution.

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULT					
REVENUE	**132,584**	23,843	12,546	10,018	47,316
PROFIT/(LOSS) FOR THE YEAR	**17,105**	(4,041)	53,021	(47,673)	(82,479)

	At 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
TOTAL ASSETS	**2,085,859**	2,219,087	2,208,158	2,362,698	2,259,933
TOTAL LIABILITIES	**(1,282,085)**	(1,377,117)	(1,312,792)	(1,371,675)	(1,275,868)
NET ASSETS	**803,774**	841,970	895,366	991,023	984,065

DISCLOSURES PURSUANT TO SECTION 436 OF THE COMPANIES ORDINANCE (THE "CO")

The above financial information relating to the years ended 31 December 2024 and 2023 does not constitute the Company's specified financial statements for those years as defined in section 436 of the CO but is derived therefrom.

The Company has delivered the specified financial statements for the year ended 31 December 2023 to the Registrar of Companies (Cap.622) and will deliver the specified financial statements for the year ended 31 December 2024 in due course.

Auditor's reports have been prepared on the specified financial statements for both years.

For the year ended 31 December 2024, the auditor's report was qualified and contained a statement under sections 407(2) and 407(3) of the Companies Ordinance (Cap.622).

For the year ended 31 December 2023, the auditor's report was not qualified or otherwise modified; did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (Cap.622).

PARTICULARS OF MAJOR PROPERTIES

INVESTMENT PROPERTIES

Location	Intended Use	Category of lease term	Group's interest (%)
Jinliwan Resort Complex located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, The PRC	Commercial use	Medium	100%
Great China Eastern New World Square located at No. 1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, The PRC	Commercial use	Medium	100%

PROPERTIES HELD FOR SALE

Location	Intended Use	Category of lease term	Group's interest (%)
Residential units of Block 1 and Block 2 Great China Eastern New World Square located at No. 1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, The PRC	Residential use	Medium	100%
Nine completed residential blocks and various residential blocks under construction located at Honghai Main road, Shanwei City, Guangdong Province, the PRC	Residential use	Long	100%
Five residential blocks under construction located in Baian Peninsular, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC	Residential use	Long	100%

PARTICULARS OF MAJOR PROPERTIES

PROPERTIES UNDER DEVELOPMENT

Location	Gross Floor Area (square meter)	Stage of Completion	Lease Expiry	Group's Interest	Anticipated completion
Two land parcels beside the Jinliwan Rxesort Complex located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC	87,444	Developing Stage	2052 for commercial use 2082 for residential use	100%	2025
No. 2 Island & No.3 Island inside Tonggang Reservoir of the Seventh Farm, Tanghai County, Tangshan City, Hebei Province, the PRC	189,661	Pending for Stage	2048 for commercial use	99.99%	
A parcels of land located on the eastern side of Wuzishan, Zhelang Nanao Tourist Area; a parcel of land located on Gongqian Nanao Road East, Zhelangjiedao and two parcels of land located in Wantankeng, Zhelangjiedao Nanao Tourist Area, Shanwei City, Guangdong Province, the PRC	273,534	Developing Stage	2054	100%	2027