GOLDLION HOLDINGS LIMITED

Supplementary Note to Directors' Report and Revised Financial Statements

For the year ended 31st December 2023

SUPPLEMENTARY NOTE TO DIRECTORS' REPORT

For the year ended 31st December 2023

This supplementary note to the directors' report for the year ended 31st December 2023 (the "Supplementary Note") was prepared in accordance with the Hong Kong Companies (Revision of Financial Statements and Reports) Regulation (Cap. 622F), as the Directors have voluntarily revised the original directors' report for the financial year ended 31st December 2023 that were approved by the Directors on 19th March 2024 (the "Original Directors' Report") in accordance with section 449 of the Hong Kong Companies Ordinance (Cap. 622).

The Supplementary Note revises the amount of the distributable reserves of the Company as at 31st December 2023 and the comparative figure as at 31st December 2022 under the section headed "Distributable reserves" in the Original Directors' Report (see the revision as set out below), and is to be treated as forming part of the Original Directors' Report.

The Original Directors' Report as supplemented and revised by the Supplementary Note is taken as having been approved by the Directors on the date of the Original Directors' Report instead of on the date of revision, and accordingly does not deal with events between those two dates.

The Supplementary Note was approved by the Directors on 20th September 2024.

REVISION TO THE SECTION HEADED "DISTRIBUTABLE RESERVES" IN THE ORIGINAL DIRECTORS' REPORT

Distributable reserves

Distributable reserves of the Company at 31st December 2023, calculated under Part 6 of the Hong Kong Companies Ordinance (Cap. 622), amounted to HK$172,653,000 (2022: HK$162,546,000).

On behalf of the Board

Mr. Tsang Chi Ming, Ricky
Chairman and Chief Executive Officer

Hong Kong, 20th September 2024

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

TO THE MEMBERS OF GOLDLION HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

OPINION

What we have audited

The consolidated financial statements of Goldlion Holdings Limited (the "Company") and its subsidiaries ("the Group"), which are set out on pages 8 to 79, comprise:

- the consolidated balance sheet as at 31st December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

EMPHASIS OF MATTER

We draw attention to note 2.2 to the consolidated financial statements, which describes the revision and reissuance of the consolidated financial statements due to the non-compliance in relation to the accounting of share repurchases transactions during the years ended 31st December 2022 and 2023 with Hong Kong Companies Ordinance. We issued our original auditor's report dated 19th March 2024 on the original consolidated financial statements. Due to the revision described in note 2.2, we provide this new auditor's report on the revised consolidated financial statements. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

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

- Carrying value of inventories
- Valuation of investment properties

Key Audit Matter	How our audit addressed the Key Audit Matter
Carrying value of inventories	
Refer to note 13 to the consolidated financial statements. The Group held inventories of HK$202 million as at 31st December 2023. When assessing the carrying value of inventory at each period end, the Group consistently applies a provisioning methodology for slow moving inventory based on inventory ageing and makes specific provision for obsolete inventory. We focused on this area because the estimation of provision percentages applied to different aged inventory categories and the estimation of specific provision for obsolete inventory are subject to high degree of estimation uncertainty. The inherent risk in relation to carrying value of inventory is considered significant as it involves significant judgment based on historical experience of selling products of similar nature through various sales channels as well as expectation of future sales under current market condition. These estimations are also subject to uncertainty as a result of change of market trends, customer preference and competitor actions.	We obtained an understanding of the management's internal control and assessment process of the carrying value of inventory and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. We examined the basis of the methodology with respect to inventory provision and evaluated, amongst others, the outcome of management's estimations in prior year, analysis and assessment made by management with respect to slow moving and obsolete inventory. We evaluated the assumptions and estimates applied by management to determine the provisioning percentages applicable to individual ageing category of inventory by testing the accuracy of historical information involved, comparing with current year and historical sales trends of similar products and performing sensitivity analysis on changes of major assumptions of future sales, such as sales through rate. We tested the accuracy of the ageing profile of the inventory used in the calculation of provision. We performed a recalculation of the inventory provision using the ageing profile of the inventory as at 31st December 2023 and the provision percentages determined by management. Based on the procedures described, we considered management's judgment and estimates, which formed the basis of the carrying value of inventory, were reasonable and acceptable.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to note 8 to the consolidated financial statements. The Group held investment properties of HK$2,687 million as at 31st December 2023 which were stated at fair values. The fair value losses from the investment properties for the year ended 31st December 2023 approximates to HK$47 million. We focused on this area because the aggregate carrying amounts represented approximately 51% of total assets of the Group as at 31st December 2023 and the fair values are dependent on the methodologies used and are sensitive to changes of inputs used in the valuations. Fair values of the Group's investment properties are supported by valuation performed by independent professional valuers. The valuers adopted the income capitalization approach, which took into account the rental values and gross reversionary yields, and direct comparison approach, which largely used unobservable inputs including market rent, yield, etc.	We obtained an understanding of the management's internal control and assessment process of the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. We assessed the competency, capability and objectivity of the independent external valuers by considering their qualifications, relevant experience and relationship with the Group. We involved our internal valuation specialist in our discussion with the external valuers to understand the rationale of the chosen valuation methods and the assumptions applied; and based on which we assessed the appropriateness of the methodologies used and the reasonableness of assumptions applied, where applicable, we further compared, on a sample basis, the data inputs and assumptions used in the valuation models, such as gross reversionary yields and rental values, to market and industry data. Based on the procedures performed, we considered the methodologies used and key assumptions applied in the valuation of the Group's investment properties were supported by available evidence.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND 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 HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong 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 these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 those charged with governance 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 those charged with governance 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.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pang Ho Yin.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20th September 2024

CONSOLIDATED BALANCE SHEET

As at 31st December 2023

	Note	As at 31st December 2023 HK$'000	As at 31st December 2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**181,107**	145,273
Right-of-use assets	7	**92,222**	87,053
Investment properties	8	**2,686,658**	2,775,582
Financial assets at fair value through other comprehensive income	9	**–**	5,432
Deferred income tax assets	21	**55,873**	57,478
		3,015,860	3,070,818
Current assets			
Property under development	11	**103,214**	767,938
Completed properties	12	**651,481**	–
Inventories	13	**201,634**	204,578
Trade receivables	15	**99,729**	125,091
Prepayments, deposits and other receivables	15	**60,971**	80,503
Contract assets	16	**52,506**	64,980
Tax recoverable		**7,560**	3
Restricted cash	17	**10,208**	26,186
Bank deposits	17	**721,494**	840,885
Cash and cash equivalents	17	**357,099**	309,805
		2,265,896	2,419,969
Total assets		**5,281,756**	5,490,787
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	2.2, 18	**1,101,358**	1,101,358
Reserves	2.2, 19	**3,303,406**	3,346,025
Total equity		**4,404,764**	4,447,383

CONSOLIDATED BALANCE SHEET

As at 31st December 2023

	Note	As at 31st December 2023 HK$'000	As at 31st December 2022 HK$'000
LIABILITIES			
Non-current liabilities			
Other payables and accruals	20	**30,995**	26,152
Lease liabilities	22	**22,829**	31,048
Deferred income tax liabilities	21	**375,325**	399,376
		429,149	456,576
Current liabilities			
Trade payables	20	**34,605**	47,251
Other payables and accruals	20	**172,470**	227,776
Contract liabilities	16	**211,129**	269,118
Lease liabilities	22	**21,432**	18,629
Current income tax liabilities		**8,207**	24,054
		447,843	586,828
Total liabilities		**876,992**	1,043,404
Total equity and liabilities		**5,281,756**	5,490,787

The consolidated financial statements on pages 8 to 79 were approved by the Board of Directors on 20th September 2024 and were signed on its behalf by:

Mr. Tsang Chi Ming, Ricky
Chairman and Chief Executive Officer

Mr. Li Ka Fai, David
Director

The notes on pages 14 to 79 are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2023

	Note	2023 HK$'000	2022 HK$'000
Turnover	5	**1,331,456**	1,415,709
Cost of sales	24	**(572,941)**	(645,919)
Gross profit		**758,515**	769,790
Other losses	23	**(47,066)**	(57,110)
Selling and marketing costs	24	**(447,488)**	(406,197)
Administrative expenses	24	**(162,187)**	(153,775)
Operating profit		**101,774**	152,708
Interest income	29	**27,402**	22,725
Interest expense	29	**(1,743)**	(1,293)
Profit before income tax		**127,433**	174,140
Income tax expense	30	**(11,269)**	(19,678)
Profit for the year attributable to owners of the Company		**116,164**	154,462
		HK cents	HK cents
Earnings per share for profit attributable to owners of the Company during the year			
– Basic and diluted	32	**11.87**	15.73

The notes on pages 14 to 79 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2023

	2023 HK$'000	2022 HK$'000
Profit for the year	**116,164**	154,462
Other comprehensive income/(loss)		
Items that will not be reclassified subsequently to profit or loss		
Revaluation of property, plant and equipment upon reclassification to investment property	**874**	8,609
Change in fair value of financial assets at fair value through other comprehensive income	**190**	(1,002)
Income tax relating to these items	**(273)**	(1,902)
Item that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of overseas subsidiaries	**(71,528)**	(229,983)
Other comprehensive loss for the year	**(70,737)**	(224,278)
Total comprehensive income/(loss) for the year attributable to owners of the Company	**45,427**	(69,816)

The notes on pages 14 to 79 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2023

	Share capital HK$'000	Other reserves (note 19) HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1st January 2022	1,101,358	535,360	2,988,022	4,624,740
Comprehensive income				
Profit for the year	–	–	154,462	154,462
Other comprehensive income/(loss)				
Revaluation of property, plant and equipment upon reclassification to investment property	–	6,457	–	6,457
Change in fair value of financial assets at fair value through other comprehensive income	–	(752)	–	(752)
Currency translation differences	–	(229,983)	–	(229,983)
Total other comprehensive loss for the year	–	(224,278)	–	(224,278)
Total comprehensive (loss)/income for the year	–	(224,278)	154,462	(69,816)
Ordinary shares repurchased and cancelled (note 2.2, 18, 19)	–	–	(4,419)	(4,419)
Appropriation to reserves (note 19(i))	–	632	(632)	–
Final dividend relating to 2021	–	–	(68,748)	(68,748)
Interim dividend relating to 2022 (note 31)	–	–	(34,374)	(34,374)
Total transactions with owners in their capacity as owners	–	632	(108,173)	(107,541)
Balance at 31st December 2022	1,101,358	311,714	3,034,311	4,447,383
Balance at 1st January 2023	**1,101,358**	**311,714**	**3,034,311**	**4,447,383**
Comprehensive income				
Profit for the year	**–**	**–**	**116,164**	**116,164**
Other comprehensive income/(loss)				
Revaluation of property, plant and equipment upon reclassification to investment property	**–**	**655**	**–**	**655**
Change in fair value of financial assets at fair value through other comprehensive income	**–**	**136**	**–**	**136**
Currency translation differences	**–**	**(71,528)**	**–**	**(71,528)**
Total other comprehensive loss for the year	**–**	**(70,737)**	**–**	**(70,737)**
Total comprehensive (loss)/income for the year	**–**	**(70,737)**	**116,164**	**45,427**
Ordinary shares repurchased and cancelled (note 2.2, 18, 19)	**–**	**–**	**(4,879)**	**(4,879)**
Appropriation to reserves (note 19(i))	**–**	**164**	**(164)**	**–**
Final dividend relating to 2022 (note 31)	**–**	**–**	**(48,922)**	**(48,922)**
Interim dividend relating to 2023 (note 31)	**–**	**–**	**(34,245)**	**(34,245)**
Total transactions with owners in their capacity as owners	**–**	**164**	**(88,210)**	**(88,046)**
Balance at 31st December 2023	**1,101,358**	**241,141**	**3,062,265**	**4,404,764**

The notes on pages 14 to 79 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December 2023

	Note	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
Cash generated from operations	33(a)	**116,091**	62,960
Interest paid	29	**(1,743)**	(1,293)
Income tax paid		**(48,404)**	(30,703)
Net cash generated from operating activities		**65,944**	30,964
Cash flows from investing activities			
Purchases of property, plant and equipment	6	**(44,619)**	(11,859)
Additions to investment properties	8	**(7,612)**	(7,617)
Proceeds from disposals of property, plant and equipment	33(a)(i)	**1,399**	99
Proceed from sale of financial assets at fair value through other comprehensive income		**5,500**	–
Decrease/(increase) in restricted cash		**15,978**	(5,499)
Decrease/(increase) in bank deposits with maturity over 3 months		**106,164**	(13,543)
Interest received		**22,901**	25,284
Net cash generated from/(used in) investing activities		**99,711**	(13,135)
Cash flows from financing activities			
Payment on repurchase of shares	18	**(4,839)**	(4,384)
Principal elements of lease payments	33(c)	**(19,574)**	(16,876)
Dividends paid to owners of the Company		**(83,167)**	(103,122)
Transaction costs attributable to repurchase of shares	18	**(40)**	(35)
Net cash used in financing activities		**(107,620)**	(124,417)
Net increase/(decrease) in cash and cash equivalents		**58,035**	(106,588)
Cash and cash equivalents at 1st January		**309,805**	454,342
Effect of foreign exchange rate changes		**(10,741)**	(37,949)
Cash and cash equivalents at 31st December	17	**357,099**	309,805

The notes on pages 14 to 79 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

1 GENERAL INFORMATION

The principal activity of the Company is investment holding. The activities of the principal subsidiaries are set out in note 10 to the financial statements.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 7th floor, Goldlion Holdings Centre, 13–15 Yuen Shun Circuit, Siu Lek Yuen, Shatin, Hong Kong SAR.

The Company is listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 19th March 2024. The Revised Financial Statements were approved by the Directors on 20th September 2024.

2 BASIS OF PREPARATION AND REVISION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through other comprehensive income ("FVOCI").

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the HKICPA

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are especially significant to the consolidated financial statements are disclosed in note 4.

(a) The new standard and amended standards effective in 2023 but not relevant to the Group

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of accounting policies
HKAS 8 (Amendment)	Definition of accounting estimates
HKAS 12 (Amendment)	Deferred tax related to assets and liabilities arising from a single transaction
HKAS 12 (Amendment)	International tax reform – Pillar two model rules
HKFRS 17	Insurance contracts
HKFRS 17 (Amendment)	Amendments to HKFRS 17
HKFRS 17 (Amendment)	Initial application of HKFRS 17 and HKFRS 9 – Comparative information

The above new standard and amended standards did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2 BASIS OF PREPARATION AND REVISION OF FINANCIAL STATEMENTS *(continued)*

2.1 Basis of preparation *(continued)*

(b) The following amended standards and new interpretation have been issued but are not effective for the financial year beginning on 1st January 2023 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Classification of liabilities as current or non-current	1st January 2024
HKAS 1 (Amendment)	Non-current liabilities with covenants	1st January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier finance arrangements	1st January 2024
HKAS 21 (Amendment)	Lack of exchangeability	1st January 2025
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	Not yet established
HKFRS 16 (Amendment)	Lease liability in a sale and leaseback	1st January 2024
HK (IFRIC) – Int 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause	1st January 2024

The above amended standards and new interpretation are not expected to have a material impact on the consolidated financial statements of the Group.

2.2 Revision of consolidated financial statements

The Directors have voluntarily revised the original consolidated financial statements for the financial year ended 31st December 2023 that were approved by the Directors on 19th March 2024 (the "Original Financial Statements") in accordance with section 449 of the Hong Kong Companies Ordinance (Cap. 622), and these revised consolidated financial statements of the Company for the financial year ended 31st December 2023 (the "Revised Financial Statements") were prepared in accordance with the Hong Kong Companies (Revision of Financial Statements and Reports) Regulation (Cap. 622F).

The Company conducted certain on-market share repurchases during the periods from 27th September 2022 to 15th December 2022 and from 17th November 2023 to 15th December 2023 under the general mandate granted by the shareholders of the Company on 20th May 2022 and 19th May 2023, respectively, and the considerations of which were paid out of the distributable profits of the Company from time to time. The Original Financial Statements however failed to comply with the Hong Kong Companies Ordinance in as much as the above transactions were not correctly accounted for in the Original Financial Statements. The Directors became aware of such non-compliance subsequent to the date of the Original Financial Statements. After considering the advice from the Company's legal adviser, the Directors decided to cause the consolidated financial statements to be revised pursuant to section 449 of the Hong Kong Companies Ordinance (Cap. 622) and in accordance with the Hong Kong Companies (Revision of Financial Statements and Reports) Regulation (Cap. 622F).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

2 BASIS OF PREPARATION AND REVISION OF FINANCIAL STATEMENTS *(continued)*

2.2 Revision of consolidated financial statements *(continued)*

For the aforementioned reason, the Company's consolidated balance sheet as at 31st December 2023 and consolidated statement of changes in equity for the year ended 31st December 2023 and the comparative financial information for the financial year ended 31st December 2022, as well as related notes, were revised as follows:

		Reserves			
	Share capital	**Other reserves**	**Retained earnings**	**Total**	**Total equity**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31st December 2022					
As previously stated on the Original Financial Statements	1,096,939	311,714	3,038,730	3,350,444	4,447,383
Revision	4,419	–	(4,419)	(4,419)	–
As revised	1,101,358	311,714	3,034,311	3,346,025	4,447,383
As at 31st December 2023					
As previously stated on the Original Financial Statements	1,092,060	241,141	3,071,563	3,312,704	4,404,764
Revision	9,298	–	(9,298)	(9,298)	–
As revised	1,101,358	241,141	3,062,265	3,303,406	4,404,764

The Revised Financial Statements replace the Original Financial Statements. The Revised Financial Statements were approved by the Directors on 20th September 2024.

Pursuant to the Hong Kong Companies Ordinance, the Original Financial Statements are taken as having been revised by the directors of the Company on the date of the Original Financial Statements instead of on the date of revision, and accordingly do not deal with events between those two dates.

The revision made in the Revised Financial Statements did not have any impact on the financial performance, basic and diluted earnings per share or operations of the Group for the year ended 31st December 2023.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and cash flow interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk is the risk that the value of an asset, liability or highly probable forecast transaction denominated in foreign currency will fluctuate because of changes in foreign exchange rates. The Group operates in various regions and is exposed to foreign exchange risk primarily arising from bank deposits, cash and cash equivalents, trade receivables and interest receivables which are denominated in Renminbi and Singapore dollar, and net investments in foreign subsidiaries in China Mainland and Singapore.

At 31st December 2023, if Hong Kong dollar had weakened/strengthened by 3% against Renminbi with all other variables held constant, post-tax profit for the year would have been HK$486,000 (2022: HK$2,714,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Renminbi denominated bank deposits, cash and cash equivalents, trade receivables and interest receivables.

Management believes that the appreciation/depreciation of Singapore dollar against Hong Kong dollar would not have a material effect on the Group's post-tax profit for the year. Therefore, no sensitivity analysis for Singapore dollar is presented.

(ii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows associated with a financial instrument will fluctuate because of changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates, except for the interest income derived from bank deposits. Apart from bank deposits, the Group has no significant interest-bearing assets or liabilities.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

The Group is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk is managed on a group basis and individual basis. Credit risk arises from cash and cash equivalents, restricted cash and deposits with banks, credit exposures to wholesale and retail customers and other parties, including outstanding receivables and deposits and other receivables.

(i) Risk management

The Group limits its exposure to credit risk by rigorously selecting its counterparties including the deposit-takers and debtors and by diversification. Bank deposits are placed only with major and sizeable banks approved by the Board from time to time and there is no significant concentration risk to a single counterparty.

For properties that are still under construction and the buyers choose to pay by bank mortgage, the Group typically provides guarantees to banks in connection with the buyers' borrowing of mortgage loans to finance their purchases of the properties. If a buyer defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the buyer's deposits and sell the property to recover any amounts paid by the Group to the bank. The Directors of the Company consider the credit risk exposure to guarantees provided to bank is limited unless the selling price would drop by more than guaranteed amounts. In this regard, the Directors of the Company consider that the Group's credit risk is largely mitigated.

The Group has arranged bank financing for certain buyers of property units and provided guarantees to secure obligations of such buyers for repayments. Detailed disclosure of these guarantees is made in note 34. No credit limits were exceeded during the year, and management does not expect any significant losses from non-performance by these counterparties.

The Group mitigates its exposure to risks relating to trade receivables by its established procedures in granting credit only to customers with sound credit track records. Sales to retail customers are settled in cash or using major credit cards, Alipay or WeChat Pay. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(i) Risk management (continued)

As at 31st December 2023, the financial assets of the Group that are exposed to credit risk and their maximum exposures are as follows:

	As at 31st December 2023		As at 31st December 2022	
	Carrying amount in balance sheet HK$'000	**Maximum exposure to credit risk HK$'000**	Carrying amount in balance sheet HK$'000	Maximum exposure to credit risk HK$'000
Financial assets:				
Trade receivables	**99,729**	**99,729**	125,091	125,091
Deposits and other receivables	**30,381**	**30,381**	26,157	26,157
Restricted cash, bank deposits and cash and cash equivalents	**1,088,801**	**1,088,777**	1,176,876	1,176,849

(ii) Impairment of financial assets

Cash and cash equivalents and pledged bank deposits are also subject to the impairment requirements under HKFRS 9, yet the identified impairment loss is immaterial because the Group only transacts with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC.

Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets without financing components.

To measure the ECL, trade receivables have been grouped based on the settlement profiles of customers, shared credit risk characteristics and the days past due. The contract assets arise from the right to recover products from customer on settling right of return obligation. The Group has therefore concluded that the loss rates for contract assets should be considered separately from trade receivables and measured the loss rates for contract assets by products return profiles of customers.

The expected loss rates are based on the payment profiles of sales and products return profiles over a period of 24 months before 1st January 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets (continued)

Trade receivables and contract assets *(continued)*

In respect of trade receivables, the ECL is determined according to a provision matrix where receivables balances are provided for at a weight average expected loss rate of 2%, 5% and 17% (2022: 5%, 12% and 32%) for ageing of trade receivables based on invoice date between 1 to 90 days, between 91 to 180 days and over 181 days, respectively. In respect of contract assets, ECL rate is assessed to be close to zero as at 31st December 2023 because the historical default rates of return are immaterial.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group.

Other receivables and deposits

Other receivables and deposits are measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, impairment is measured as lifetime ECL. As at 31st December 2023, no impairment loss of deposits and other receivables was identified.

(c) Liquidity risk

Liquidity risk is the risk that funds will not be available to meet liabilities as they fall due, and it results from amount and maturity mismatches of assets and liabilities. Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Company employs projected cash flow analysis to manage liquidity risk by forecasting the amount of cash required and monitoring the working capital of the Group to ensure that all liabilities due and known funding requirements could be met. There were no available banking facilities as at 31st December 2023 (2022: nil).

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

The table below analyzes the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	As at 31st December 2023				
	Less than 1 year HK$'000	**Between 1 year and 2 years HK$'000**	**Between 2 years and 5 years HK$'000**	**Over 5 years HK$'000**	**Total HK$'000**
Financial liabilities:					
Trade payables	**34,605**	**–**	**–**	**–**	**34,605**
Other payables	**27,673**	**10,758**	**17,045**	**2,387**	**57,863**
Lease liabilities	**22,853**	**16,774**	**6,796**	**–**	**46,423**
Guarantees of mortgage facilities	**20,364**	**–**	**–**	**–**	**20,364**
	105,495	**27,532**	**23,841**	**2,387**	**159,255**

	As at 31st December 2022				
	Less than 1 year HK$'000	Between 1 year and 2 years HK$'000	Between 2 years and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
Financial liabilities:					
Trade payables	47,251	–	–	–	47,251
Other payables	34,222	8,904	14,195	2,358	59,679
Lease liabilities	20,516	17,754	14,618	–	52,888
Guarantees of mortgage facilities	77,318	–	–	–	77,318
	179,307	26,658	28,813	2,358	237,136

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase the Company's shares or sell assets.

The Group monitors capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total lease liabilities less restricted cash, bank deposits and cash and cash equivalents. The gearing ratios at 31st December 2023 and 2022 were as follows:

	2023 **HK$'000**	2022 HK$'000
Total lease liabilities (note 22)	**44,261**	49,677
Less: restricted cash, bank deposits and cash and cash equivalents (note 17)	**(1,088,801)**	(1,176,876)
Net cash	**(1,044,540)**	(1,127,199)
Total equity	**4,404,764**	4,447,383
Gearing ratio	**–**	–

3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value at 31st December 2023 and 2022, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 3	
	2023	2022
	HK$'000	HK$'000
Asset		
Financial assets at fair value through other comprehensive income	**–**	5,432

There were no transfers among levels 1, 2 and 3 during the year.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. Since all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The changes in level 3 financial instruments for the years ended 31st December 2023 and 2022 were set out in note 9.

NOTES TO THE FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Write-down of inventories, property under development and completed properties to net realizable value

Net realizable value of inventories, property under development and completed properties are the estimated selling prices in the ordinary course of business, less estimated selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of change in customer taste and competitor actions in response to severe industry cycle. The Group reassesses these estimates at each balance sheet date.

(b) Estimate of fair value of investment properties

The fair values of investment properties are determined by using valuation techniques. Details of the judgments and assumptions involved are disclosed in note 8.

(c) Income taxes

The Group is subject to income taxes in a number of different jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(d) Useful lives and residual values of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charge prospectively where useful lives are less than previously estimated lives. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

(e) Recognition of right of return obligation

Right of return obligation is recorded based on the estimated expected sales amount in future and they are recorded when the relevant sales of goods are recognized or when there are other contractual obligations on sales return. The Group estimates the sales return provision based on contractually bound sales return amount, special sales return credit granted during the year and past experience as basis to provide for amount of sales returns at each financial report date.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(continued)*

4.1 Critical accounting estimates and assumptions *(continued)*

(f) Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, including, among others, the economic impact of the unprecedented COVID-19 on the operations of the Group and the countries in which it operates. The recoverable amounts have been determined based on the higher of value-in-use calculations or fair values less costs to sell. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the assets in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's reported balance sheet and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the statement of profit or loss.

(g) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's historical and existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 3.1.

5 OPERATING SEGMENTS

The Group has three reportable segments. The segments are managed separately as each business segment offers different products and services and requires different marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

Apparel in China Mainland and Hong Kong SAR – Distribution and manufacturing of garments, leather goods and accessories and licensing of brand name in China Mainland and Hong Kong SAR.

Apparel in Singapore – Distribution and manufacturing of garments, leather goods and accessories in Singapore.

Property investment and development – Investment in and development of properties in China Mainland, Hong Kong SAR and Singapore.

The Group reports the results of its operating segments based on the internal reports reviewed by the chief operating decision maker for the purpose of making strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

5 OPERATING SEGMENTS *(continued)*

(a) Reportable segment profit before income tax and other selected financial information by operating segment

	2023					
	Apparel in China Mainland and Hong Kong SAR HK$'000	Apparel in Singapore HK$'000	Property investment and development HK$'000	Segment total HK$'000	(Elimination)/ unallocated HK$'000	Group HK$'000
Turnover	1,009,522	35,674	286,260	1,331,456	–	1,331,456
Inter-segment sales	1,038	–	11,117	12,155	(12,155)	–
	1,010,560	35,674	297,377	1,343,611	(12,155)	1,331,456
Segment results	78,973	(2,754)	82,441	158,660		158,660
Unallocated costs						(31,227)
Profit before income tax						127,433
Income tax expense						(11,269)
Profit for the year						116,164
Interest income	11,330	–	2,143	13,473	13,929	27,402
Depreciation of property, plant and equipment	20,329	734	3,581	24,644	2,057	26,701
Depreciation of right-of-use assets	15,338	3,160	228	18,726	62	18,788
Impairment of right-of-use assets	1,821	–	–	1,821	–	1,821
Reportable segment assets:						
Property, plant and equipment	151,714	4,632	19,763	176,109	4,998	181,107
Right-of-use assets	78,164	7,872	5,964	92,000	222	92,222
Investment properties	–	–	2,686,658	2,686,658	–	2,686,658
Deferred income tax assets	–	–	–	–	55,873	55,873
Property under development	–	–	103,214	103,214	–	103,214
Completed properties	–	–	651,481	651,481	–	651,481
Inventories	190,291	11,343	–	201,634	–	201,634
Restricted cash, bank deposits and cash and cash equivalents	563,573	1,497	294,111	859,181	229,620	1,088,801
Contract assets	52,506	–	–	52,506	–	52,506
Others	125,315	5,911	19,272	150,498	17,762	168,260
Reportable segment liabilities:						
Trade payables	32,137	2,228	206	34,571	34	34,605
Other payables and accruals	57,761	1,957	128,325	188,043	15,422	203,465
Contract liabilities	183,655	–	27,474	211,129	–	211,129
Lease liabilities	36,054	7,917	–	43,971	290	44,261
Current income tax liabilities	–	–	–	–	8,207	8,207
Deferred income tax liabilities	–	–	–	–	375,325	375,325
Capital expenditure	40,941	1,526	8,475	50,942	1,289	52,231

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

5 OPERATING SEGMENTS *(continued)*

(a) Reportable segment profit before income tax and other selected financial information by operating segment *(continued)*

	2022					
	Apparel in China Mainland and Hong Kong SAR HK$'000	Apparel in Singapore HK$'000	Property investment and development HK$'000	Segment total HK$'000	(Elimination)/ unallocated HK$'000	Group HK$'000
Turnover	1,046,320	34,703	334,686	1,415,709	–	1,415,709
Inter-segment sales	1,189	–	9,763	10,952	(10,952)	–
	1,047,509	34,703	344,449	1,426,661	(10,952)	1,415,709
Segment results	129,359	2,686	87,131	219,176		219,176
Unallocated costs						(45,036)
Profit before income tax						174,140
Income tax expense						(19,678)
Profit for the year						154,462
Interest income	13,843	–	4,387	18,230	4,495	22,725
Depreciation of property, plant and equipment	15,887	432	4,267	20,586	1,991	22,577
Depreciation of right-of-use assets	16,599	1,688	178	18,465	59	18,524
Impairment of right-of-use assets	10,703	–	–	10,703	–	10,703
Reportable segment assets:						
Property, plant and equipment	96,185	3,775	10,846	110,806	34,467	145,273
Right-of-use assets	77,167	6,786	2,816	86,769	284	87,053
Investment properties	–	–	2,775,582	2,775,582	–	2,775,582
Deferred income tax assets	–	–	–	–	57,478	57,478
Property under development	–	–	767,938	767,938	–	767,938
Inventories	195,174	9,404	–	204,578	–	204,578
Restricted cash, bank deposits and cash and cash equivalents	647,772	11,183	275,712	934,667	242,209	1,176,876
Contract assets	64,980	–	–	64,980	–	64,980
Others	148,100	6,097	47,083	201,280	9,749	211,029
Reportable segment liabilities:						
Trade payables	42,777	4,207	226	47,210	41	47,251
Other payables and accruals	48,710	2,237	185,874	236,821	17,107	253,928
Contract liabilities	215,667	–	53,451	269,118	–	269,118
Lease liabilities	42,367	6,921	103	49,391	286	49,677
Current income tax liabilities	–	–	–	–	24,054	24,054
Deferred income tax liabilities	–	–	–	–	399,376	399,376
Capital expenditure	9,347	1,103	9,026	19,476	–	19,476

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

5 OPERATING SEGMENTS *(continued)*

(a) Reportable segment profit before income tax and other selected financial information by operating segment *(continued)*

Central costs (mainly costs of support functions that centrally provide services to all of the operating segments) are included as unallocated costs. Taxation charge is not allocated to reportable segments.

(b) Geographical information

The Group's turnover from external customers is derived from the following geographical areas:

	2023 HK$'000	2022 HK$'000
China Mainland	**1,234,264**	1,318,709
Hong Kong SAR	**60,274**	61,119
Singapore	**36,918**	35,881
	1,331,456	1,415,709

The Group's non-current assets (excluding deferred income tax assets) by geographical location are detailed below:

	2023 HK$'000	2022 HK$'000
China Mainland	**1,679,683**	1,753,075
Hong Kong SAR	**1,217,944**	1,204,174
Singapore	**62,360**	56,091
	2,959,987	3,013,340

(c) Information about major customers

In 2023 and 2022, the revenue from the Group's largest customer amounted to less than 10 per cent of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

5 OPERATING SEGMENTS *(continued)*

(d) Disaggregation of revenue

	2023 **HK$'000**	2022 HK$'000
Revenue recognized under HKFRS 15		
Sales of goods	**952,064**	968,164
Sales of properties	**92,621**	139,033
Building management fees	**42,150**	40,787
Licensing income	**93,132**	112,859
	1,179,967	1,260,843
Revenue recognized under other accounting standards		
Rental income from investment properties	**151,489**	154,866
	1,331,456	1,415,709
Timing of revenue recognition under HKFRS 15		
At a point in time	**1,061,827**	1,135,956
Over time	**118,140**	124,887
	1,179,967	1,260,843

5 OPERATING SEGMENTS *(continued)*

Accounting policies of revenue recognition

(a) Sale of goods – wholesale

The Group manufactures and sells a range of garments, leather goods and accessories to distributors. Sales are recognized when control of the products has transferred, being when the products are delivered to the distributors, at a point in time.

The goods are often sold with volume discounts based on aggregate sales. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. A liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present. Sales return provisions are recorded based on the contracted return of goods. The Group estimates the sales return provision based on accumulated experience and the terms in the sales contracts with distributors.

(b) Sales of goods – retail

The Group sells garments, leather goods and accessories through chain of retail stores and e-commerce platform. Revenue from the sale of goods is recognized when a group entity sells a product to the customer, the point in time when the control of the goods has been transferred to the customer. Payment of the transaction price is due immediately when the customer purchases the goods.

(c) Sales of properties

Revenue from the sales of properties is recognized in the income statement on the basis that control over the ownership of the property has been passed to the customer, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all the benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities.

(d) Rental income from investment properties

Rental income from investment properties is recognized on a straight-line basis over the period of the respective leases.

(e) Licensing income and building management fee

Licensing income and building management fee are recognized in the accounting period in which the services are rendered.

(f) Contract liabilities

Contract liability is recognized when payments are received from customers in advance but the relevant performance obligation has not been performed.

A sales refund liability and an asset for the right of return goods are recognized in the consolidated balance sheet. The Group uses the expected value method to estimate the credit refund or return which best predicts the amount of reliable consideration to which the Group entitled.

The Group receives payments from customers in advance in pre-sales arrangement. Such proceeds from customers are recorded as contract liabilities before the relevant sales are recognized.

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For the year ended 31st December 2023

6 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Construction in progress HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Computers HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1st January 2022							
Cost	269,251	–	61,160	114,380	48,233	26,071	519,095
Accumulated depreciation	(176,748)	–	(53,194)	(105,629)	(40,030)	(21,852)	(397,453)
Net book amount	92,503	–	7,966	8,751	8,203	4,219	121,642
Year ended 31st December 2022							
Opening net book amount	92,503	–	7,966	8,751	8,203	4,219	121,642
Additions	105	–	1,258	6,764	3,413	319	11,859
Disposals	–	–	–	(1)	(69)	(41)	(111)
Transfer from investment properties	42,568	–	–	–	–	–	42,568
Transfer to investment properties	(4,592)	–	–	–	–	–	(4,592)
Depreciation	(13,901)	–	(290)	(4,356)	(1,796)	(2,234)	(22,577)
Exchange differences	(1,349)	–	(604)	(761)	(604)	(198)	(3,516)
Closing net book amount	115,334	–	8,330	10,397	9,147	2,065	145,273
At 31st December 2022 and 1st January 2023							
Cost	291,082	–	57,841	112,334	47,334	23,754	532,345
Accumulated depreciation	(175,748)	–	(49,511)	(101,937)	(38,187)	(21,689)	(387,072)
Net book amount	115,334	–	8,330	10,397	9,147	2,065	145,273
Year ended 31st December 2023							
Opening net book amount	**115,334**	**–**	**8,330**	**10,397**	**9,147**	**2,065**	**145,273**
Additions	**–**	**18,472**	**7,656**	**4,562**	**7,347**	**6,582**	**44,619**
Disposals	**–**	**–**	**(25)**	**–**	**(20)**	**(832)**	**(877)**
Transfer from investment properties	**8,021**	**–**	**–**	**–**	**–**	**–**	**8,021**
Transfer to investment properties	**(72)**	**–**	**–**	**–**	**–**	**–**	**(72)**
Transfer from property under development	**11,971**	**–**	**–**	**–**	**–**	**–**	**11,971**
Depreciation	**(17,948)**	**–**	**(717)**	**(3,554)**	**(3,151)**	**(1,331)**	**(26,701)**
Exchange differences	**(367)**	**–**	**(221)**	**(280)**	**(228)**	**(31)**	**(1,127)**
Closing net book amount	**116,939**	**18,472**	**15,023**	**11,125**	**13,095**	**6,453**	**181,107**
At 31st December 2023							
Cost	**307,911**	**18,472**	**63,211**	**112,514**	**52,403**	**23,914**	**578,425**
Accumulated depreciation	**(190,972)**	**–**	**(48,188)**	**(101,389)**	**(39,308)**	**(17,461)**	**(397,318)**
Net book amount	**116,939**	**18,472**	**15,023**	**11,125**	**13,095**	**6,453**	**181,107**

Depreciation expense of HK$961,000 (2022: HK$1,275,000) has been expensed in cost of sales, HK$5,021,000 (2022: HK$1,407,000) in selling and marketing costs and HK$20,719,000 (2022: HK$19,895,000) in administrative expenses.

6 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Accounting policies of property, plant and equipment

Buildings comprise mainly factories, retail outlets and offices other than investment properties as mentioned in note 8. Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated depreciation rates as follows:

Buildings	2% to 5%
Plant and machinery	10% to 20%
Furniture and fixtures	20% to 33%
Computers	20% to 33%
Motor vehicles	20% to 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 39.4).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement.

For property occupied by the Group as an owner-occupied property which becomes an investment property, the Group revalues such property on the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with in assets revaluation reserve.

The fair value at the date of the change in use is the deemed cost for subsequent accounting as investment properties. On disposal of the property, revaluation reserve is transferred to retained profits as a movement in reserves.

Construction in progress represents buildings, plant and machinery under construction and pending installation and is stated at cost. Cost includes the costs of construction of buildings and the costs of plant and machinery. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated above.

7 RIGHT-OF-USE ASSETS

	2023 HK$'000	2022 HK$'000
At 1st January	**87,053**	66,352
Additions	**15,788**	43,909
Disposal	**(97)**	(116)
Transfer to investment properties	**–**	(1,568)
Transfer from investment properties	**8,226**	11,733
Transfer from property under development	**3,452**	–
Depreciation	**(18,788)**	(18,524)
Impairment loss	**(1,821)**	(10,703)
Exchange differences	**(1,591)**	(4,030)
At 31st December	**92,222**	87,053

The recognized right-of-use assets relate to the following types of assets:

	2023 HK$'000	2022 HK$'000
Land use rights in China Mainland	**57,484**	49,276
Buildings	**34,111**	37,074
Machinery and equipment	**364**	466
Furniture and fixtures	**263**	137
Motor vehicle	**–**	100
	92,222	87,053

Depreciation charge of right-of-use assets:

	2023 HK$'000	2022 HK$'000
Land use rights in China Mainland	**2,579**	2,262
Buildings	**15,896**	15,905
Machinery and equipment	**145**	247
Furniture and fixtures	**71**	8
Motor vehicle	**97**	102
	18,788	18,524

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For the year ended 31st December 2023

7 RIGHT-OF-USE ASSETS *(continued)*

Impairment assessment of plant and equipment and right-of-use assets

Management has performed an assessment on the Group's non-current assets, primarily comprising plant and equipment and right-of-use assets as at 31st December 2023. In this connection, management reviewed the results of operation of each retail store, representing different cash-generating units ("CGUs") in determining whether any impairment indicator exists with each of the CGUs under review. For those retail stores where an impairment indicator was noted, management assessed the recoverable amount of the CGU based on value-in-use calculation using projected cashflow over the lease term of each retail store.

The determination of the value-in-use calculation of the relevant CGU involves the use of assumptions and estimations such as change in revenue, change in operating cost and change in gross profit. Discount rate of 10.1% (2022: 9.1%) is adopted in the impairment assessment, which was determined based on the market's weighted average cost of capital.

The results of the assessment indicated that impairment provision of HK$1,821,000 (2022: HK$10,703,000) on right-of-use assets (note 7) were made during the year. Impairment losses of HK$1,821,000 (2022: HK$10,703,000) were included in selling and marketing costs in the consolidated income statement.

Accounting policies of leases

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

7 RIGHT-OF-USE ASSETS *(continued)*

Accounting policies of leases *(continued)*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

(a) Variable lease payments

Estimation uncertainty arising from variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a store. There is a wide range of sales percentages applied for different stores. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

(b) Extension and termination options

Extension and termination options are included in certain property and equipment leases across the Group. These terms are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

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For the year ended 31st December 2023

8 INVESTMENT PROPERTIES

	2023 HK$'000	2022 HK$'000
At 1st January	**2,775,582**	2,994,394
Additions	**7,612**	7,617
Transfer from property under development	**6,498**	–
Transfer from property, plant and equipment and right-of-use assets (note)	**946**	14,769
Transfer to property, plant and equipment and right-of-use assets	**(16,247)**	(54,301)
Fair value losses (note 23)	**(47,066)**	(57,110)
Exchange differences	**(40,667)**	(129,787)
At 31st December	**2,686,658**	2,775,582

Note:

The transfer comprised of property, plant and equipment to investment property of HK$72,000 (2022: The transfer comprised of property, plant and equipment and right-of-use assets to investment property of HK$4,592,000 and HK$1,568,000) and the related revaluation amount of HK$874,000 (2022: HK$8,609,000) which was included in the consolidated statement of comprehensive income for the year.

The Group's interests in investment properties are analyzed as follows:

	2023 HK$'000	2022 HK$'000
In Hong Kong, held on:		
Leases of over 50 years	**255,100**	253,000
Leases of between 10 and 50 years	**925,900**	915,700
Outside Hong Kong, held on:		
Leases of between 10 and 50 years	**1,455,803**	1,561,352
Freehold outside Hong Kong	**49,855**	45,530
	2,686,658	2,775,582

The periods of leases whereby the Group leases out its investment properties range from 1 month to 120 months.

Except for an investment property under construction located outside Hong Kong accounted for at cost amounting to HK$3,883,000 (2022: HK$1,376,000) as at 31st December 2023, independent valuations of the Group's investment properties were performed by the independent professional valuers, Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Jones Lang LaSalle Property Consultants Pte Ltd, to determine the fair values of the investment properties as at 31st December 2023 and 2022. The fair value losses were included in "Other losses" in income statement (note 23). The following table analyzes the investment properties carried at fair value, by valuation method.

8 INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

Description	Fair value measurements at 31st December 2023 using		
	Quoted prices in active markets for identical assets (Level 1) HK$'000	Significant other observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000
Recurring fair value measurements			
Investment properties:			
– Hong Kong	–	–	1,181,000
– China Mainland	–	–	1,451,920
– Singapore	–	–	49,855

Description	Fair value measurements at 31st December 2022 using		
	Quoted prices in active markets for identical assets (Level 1) HK$'000	Significant other observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000
Recurring fair value measurements			
Investment properties:			
– Hong Kong	–	–	1,168,700
– China Mainland	–	–	1,559,976
– Singapore	–	–	45,530

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers between level 1, 2 and 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

8 INVESTMENT PROPERTIES *(continued)*

Fair value measurements using significant unobservable inputs (Level 3)

	Hong Kong HK$'000	China Mainland HK$'000	Singapore HK$'000	Total HK$'000
At 1st January 2023	**1,168,700**	**1,559,976**	**45,530**	**2,774,206**
Additions	**3,601**	**1,467**	**–**	**5,068**
Transfer from property under development	**–**	**6,498**	**–**	**6,498**
Transfer from property, plant and equipment and right-of-use assets	**–**	**946**	**–**	**946**
Transfer to property, plant and equipment and right-of-use assets	**–**	**(16,247)**	**–**	**(16,247)**
Fair value gains/(losses)	**8,699**	**(59,305)**	**3,540**	**(47,066)**
Exchange differences	**–**	**(41,415)**	**785**	**(40,630)**
At 31st December 2023	**1,181,000**	**1,451,920**	**49,855**	**2,682,775**

	Hong Kong HK$'000	China Mainland HK$'000	Singapore HK$'000	Total HK$'000
At 1st January 2022	1,150,600	1,799,134	44,660	2,994,394
Additions	936	5,305	–	6,241
Transfer from property, plant and equipment and right-of-use assets	–	14,769	–	14,769
Transfer to property, plant and equipment and right-of-use assets	–	(54,301)	–	(54,301)
Fair value gains/(losses)	17,164	(75,144)	870	(57,110)
Exchange differences	–	(129,787)	–	(129,787)
At 31st December 2022	1,168,700	1,559,976	45,530	2,774,206

Valuation techniques

The valuations were based on:

(a) Income capitalization approach (term and reversionary method) taking into account the significant adjustment on term yield to account for the risk upon reversionary after expiry of current lease and adjustment on rental value to account for the actual location, type and quality of the properties and supported by the terms of any existence lease, other contracts and external evidence such as current market rents for similar properties (Level 3 approach).

(b) Direct comparison approach which largely used unobservable inputs and made reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as time, locations and building quality (Level 3 approach).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

8 INVESTMENT PROPERTIES *(continued)*

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31st December 2023 HK$'000	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties – China Mainland	**1,451,920**	Income capitalization approach (term and reversionary method)	Monthly rental value	RMB10–700/m^2	The higher the assumed monthly rental value, the higher the fair value
			Gross reversionary yield	2.3% to 8% p.a.	The higher the assumed reversionary yield, the lower the fair value
Investment properties – Hong Kong	**1,181,000**	Income capitalization approach (term and reversionary method)	Monthly rental value	HK$94–131/$m^2$	The higher the assumed monthly rental value, the higher the fair value
			Gross reversionary yield	4.15% to 4.4% p.a.	The higher the assumed reversionary yield, the lower the fair value
Investment properties – Singapore	**49,855**	Direct comparison approach	Price per square meter	S$7,214–9,158/$m^2$	The higher the assumed price per square meter, the higher the fair value

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

8 INVESTMENT PROPERTIES *(continued)*

Information about fair value measurements using significant unobservable inputs (Level 3) *(continued)*

Description	Fair value at 31st December 2022 HK$'000	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties – China Mainland	1,559,976	Income capitalization approach (term and reversionary method)	Monthly rental value	RMB25–900/m^2	The higher the assumed monthly rental value, the higher the fair value
			Gross reversionary yield	2.3% to 8% p.a.	The higher the assumed reversionary yield, the lower the fair value
Investment properties – Hong Kong	1,168,700	Income capitalization approach (term and reversionary method)	Monthly rental value	HK$94–128/m^2	The higher the assumed monthly rental value, the higher the fair value
			Gross reversionary yield	4.15% to 4.4% p.a.	The higher the assumed reversionary yield, the lower the fair value
Investment properties – Singapore	45,530	Direct comparison approach	Price per square meter	S$6,839–7,640/m^2	The higher the assumed price per square meter, the higher the fair value

8 INVESTMENT PROPERTIES *(continued)*

Accounting policies of investment properties

Investment properties, principally comprising leasehold land, land use right and buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group. They also include properties that are being constructed or developed for future use as investment properties. Land held under operating leases is classified and accounted for as investment properties when the rest of the definition of investment property is met. The operating lease is accounted for as if it was a finance lease.

Investment properties are measured initially at their costs, including related transaction costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of other losses.

For investment property under construction, in the event whereby the presumption for the Group to measure such property at fair value is rebutted because the fair value is not reliably measurable but expect so when construction is complete, the Group measure that investment property under construction at cost until either its fair value becomes reliably measurable or construction is completed, whichever is earlier.

Accounting policies in related to the transfer from owner-occupied property to investment property are disclosed in note 6. Right-of-use assets are transferred to investment property when there is change in use from owner-occupied property to held for long-term rental yields or for capital appreciation or both. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met.

9 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 **HK$'000**	2022 HK$'000
At 1st January	**5,432**	6,947
Fair value loss transfer to equity	**–**	(1,002)
Disposal	**(5,500)**	–
Exchange differences	**68**	(513)
At 31st December	**–**	5,432

The unlisted equity investment was disposed at RMB5,000,000 during the year (2022: The fair value of the unlisted equity investment that was denominated in RMB and not traded in an active market was determined by an independent professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited. The valuation fell within level 3 of the fair value measurement hierarchy, for details, please refer to note 3.3).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

10 SUBSIDIARIES

The following is a list of principal subsidiaries, which in the opinion of the Directors, are significant to the results and net assets of the Group:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Group's equity interest	
				2023	2022
Goldlion (China) Limited [2]	PRC Limited liability company	Distribution and manufacturing of garments in the PRC	US$18,000,000 (2022: US$18,000,000)	**100%**	100%
Goldlion Clothes Making Company Limited [2]	PRC Limited liability company	Distribution and manufacturing of garments in the PRC	US$6,934,000 (2022: US$6,934,000)	**100%**	100%
Goldlion Enterprise (Singapore) Pte Limited	Singapore Limited liability company	Distribution of garments in Singapore	10,000 ordinary shares of S$100 each (2022: 10,000 ordinary shares of S$100 each)	**100%**	100%
Goldlion (Far East) Limited	Hong Kong Limited liability company	Distribution of garments and property holding in Hong Kong, and licensing of brand name in the PRC	2 ordinary shares and 500,000 non-voting deferred shares (2022: 2 ordinary shares and 500,000 non-voting deferred shares)	**100%**	100%
Goldlion Group (B.V.I.) Limited [1]	British Virgin Islands Limited liability company	Investment holding in Hong Kong	10,000 ordinary shares of US$1 each (2022: 10,000 ordinary shares of US$1 each)	**100%**	100%
Goldlion (Guangdong) Limited	Hong Kong Limited liability company	Investment holding in Hong Kong	2 ordinary shares (2022: 2 ordinary shares)	**100%**	100%
Guangzhou Goldlion Investment Consultancy Company Limited [2]	PRC Limited liability company	Property holding in the PRC	HK$10,000,000 (2022: HK$10,000,000)	**100%**	100%
Hallman Properties Limited	British Virgin Islands Limited liability company	Investment holding in the British Virgin Islands	50,000 ordinary shares of US$1 each (2022: 50,000 ordinary shares of US$1 each)	**100%**	100%
Renard Investments Limited	British Virgin Islands Limited liability company	Property holding in Hong Kong	2 ordinary shares of HK$1 each and 59,999,998 redeemable shares of HK$1 each (2022: 2 ordinary shares of HK$1 each and 59,999,998 redeemable shares of HK$1 each)	**100%**	100%

10 SUBSIDIARIES *(continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Group's equity interest	
				2023	2022
Meizhou Silver Dip Property Management Limited (2)	PRC Limited liability company	Property management in the PRC	RMB595,000 (2022: RMB595,000)	**100%**	100%
Shenyang Goldlion Commercial Mansion Limited (2)	PRC Limited liability company	Property holding in the PRC	RMB70,000,000 (2022: RMB70,000,000)	**100%**	100%
Rich Smart Resources Limited	Hong Kong Limited liability company	Property holding in Hong Kong	2 ordinary shares (2022: 2 ordinary shares)	**100%**	100%
Smart View Investment Limited	Hong Kong Limited liability company	Investment holding in Hong Kong	2 ordinary shares (2022: 2 ordinary shares)	**100%**	100%
Meizhou Goldlion Properties Development Limited (2)	PRC Limited liability company	Property holding and development in the PRC	HK$50,000,000 (2022: HK$50,000,000)	**100%**	100%
Guangzhou Silver Dip Property Management Company Limited (2)	PRC Limited liability company	Property management in the PRC	HK$1,000,000 (2022: HK$1,000,000)	**100%**	100%
Shenyang Sliver Dip Property Management Company Limited (2)	PRC Limited liability company	Property management in the PRC	HK$1,000,000 (2022: HK$1,000,000)	**100%**	100%
Guangzhou Goldlion City Properties Company Limited (2)	PRC Limited liability company	Property holding in the PRC	RMB360,681,188 (2022: RMB360,681,188)	**100%**	100%
Joint Corporation Limited	Hong Kong Limited liability company	Investment holding in Hong Kong	1 ordinary share (2022: 1 ordinary share)	**100%**	100%
Meizhou Goldlion Leather Investment Company Limited (2)	PRC Limited liability company	Investment holding in the PRC	RMB5,100,000 (2022: RMB5,100,000)	**100%**	100%
Guangzhou Goldlion E-commerce Company Limited (2)	PRC Limited liability company	Distribution of garments in the PRC	HK$121,000,000 (2022: HK$121,000,000)	**100%**	100%
Goldlion (Meizhou) New Energy Company Limited (2)	PRC Limited liability company	Photovoltaic business engagement in the PRC	RMB6,000,000 (2022: nil)	**100%**	–

(1) Subsidiary held directly by the Company. Except for Goldlion Group (B.V.I.) Limited, other subsidiaries are held indirectly by the Company.

(2) These subsidiaries are wholly foreign-owned enterprises established in PRC. English names of these subsidiaries are direct translations of their Chinese registered names.

11 PROPERTY UNDER DEVELOPMENT

The Group's interests in property under development are analyzed as follows:

	2023 **HK$'000**	2022 HK$'000
Land use rights	**55,447**	97,834
Development costs	**47,767**	670,104
	103,214	767,938

The property under development is located in Meixian Area, China Mainland. Under the Land Use Rights Grant Contract entered between the Meixian Bureau of Land and the Group on 24th January 2014, the delay in commencing and completion of construction works of the project after 18th June 2014 and 24th January 2017 respectively may be subject to a penalty. After taking into account of an independent legal advice, the Directors are of the view that the imposition of a penalty by the relevant authority is remote.

The amount of property under development HK$651,481,000 (2022: nil) was completed and transfer to completed properties during the year. The remaining amount expected to be completed and realized within the Group's normal operating cycle in next year (2022: next one to three years) is HK$103,214,000 (2022: HK$767,938,000).

Accounting policies of property under development

Property under development is stated at the lower of cost and net realizable value. Development cost of property comprises cost of land use rights, construction costs and professional fees incurred during the development period. Upon completion, the property is transferred to completed properties.

Net realizable value takes into account the price ultimately expected to be realized, less applicable variable selling expenses and the anticipated costs to completion.

Property under development is classified as current asset unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

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12 COMPLETED PROPERTIES

	2023 HK$'000	2022 HK$'000
Completed properties	**651,481**	–

The completed properties are located in Meixian Area, China Mainland.

Accounting policies of completed properties

Completed properties are initially measured at the carrying amount of property at the date of reclassification from property under development. Subsequently, completed properties are carried at the lower of cost and net realizable value. Net realizable value is determined by reference to management estimates based on prevailing market conditions.

13 INVENTORIES

	2023 HK$'000	2022 HK$'000
Raw materials	**1,846**	1,657
Work in progress	**14,688**	12,876
Finished goods	**185,100**	190,045
	201,634	204,578

The cost of inventories recognized as expense and included in cost of sales amounted to HK$443,245,000 (2022: HK$475,055,000) (note 24).

Accounting policies of inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

14 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	2023 HK$'000	2022 HK$'000
Financial assets at amortized cost		
Trade receivables (note 15)	**99,729**	125,091
Deposits and other receivables (note 15)	**30,381**	26,157
Restricted cash, bank deposits and cash and cash equivalents (note 17)	**1,088,801**	1,176,876
Financial assets at fair value through other comprehensive income (note 9)	**–**	5,432
Total	**1,218,911**	1,333,556
Financial liabilities, at amortized cost		
Trade payables (note 20)	**34,605**	47,251
Other payables	**57,863**	59,679
Lease liabilities	**44,261**	49,677
Total	**136,729**	156,607

15 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Trade receivables	**100,808**	127,286
Less: provision for impairment	**(1,079)**	(2,195)
Trade receivables – net	**99,729**	125,091
Purchase deposits	**8,280**	8,268
Prepayments	**14,718**	42,143
General deposits	**15,010**	13,433
Interest receivable	**12,567**	8,066
VAT recoverable	**7,592**	3,935
Others	**2,804**	4,658
Total of prepayments, deposits and other receivables	**60,971**	80,503

Prepayments, deposits and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security.

15 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(continued)

The Group's sales are on cash on delivery or credit terms ranging from 30 days to 180 days after delivery. The ageing of the trade receivables based on invoice date is as follows:

	2023 HK$'000	2022 HK$'000
1–30 days	**83,504**	101,618
31–90 days	**12,850**	17,827
Over 90 days	**4,454**	7,841
Trade receivables	**100,808**	127,286
Less: provision for impairment of trade receivables	**(1,079)**	(2,195)
Trade receivables – net	**99,729**	125,091

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers dispersed in China Mainland and Singapore. The credit quality of trade receivables neither past due nor impaired has been assessed by reference to historical information about the counterparty default rates.

The carrying amounts of the Group's trade receivables, prepayments, deposits and other receivables approximate their fair values and are denominated in the following currencies:

	2023 HK$'000	2022 HK$'000
Renminbi	**141,825**	189,549
Hong Kong dollar	**12,964**	9,948
Singapore dollar	**5,911**	6,097
	160,700	205,594

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables.

15 TRADE RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Movements on the provision for impairment of trade receivables are as follows:

	2023 HK$'000	2022 HK$'000
At 1st January	**2,195**	1,420
(Reversal of provision)/provision for impairment of trade receivables, net	**(1,122)**	1,028
Receivables written off during the year as uncollectible	**–**	(234)
Exchange differences	**6**	(19)
At 31st December	**1,079**	2,195

The provision for impaired receivables was included in administrative expenses in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Accounting policies of trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See note 15 for further information about the Group's accounting for trade receivables and note 39.6(d) for a description of the Group's impairment policies.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

16 CONTRACT ASSETS AND CONTRACT LIABILITIES

	2023 **HK$'000**	2022 HK$'000
Contract assets		
Arising from the right to recover products from customers on settling right of return obligation	**52,506**	64,980
Contract liabilities		
Sales deposits received from customers in relation to pre-sale of properties	**22,612**	49,292
Receipt in advance from customers	**27,564**	28,289
Right of return obligation	**112,600**	144,801
Deferred revenue	**48,353**	46,736
	211,129	269,118

Revenue that was included in the contract liabilities balance at the beginning of the reporting period was fully recognized in the reporting period, except for the sales deposits received from customers in relation to pre-sale of properties amounting to HK$12,492,000 (2022: HK$33,544,000).

All balances of contract liabilities at 31st December 2023 is expected to be recognized as revenue within one year (2022: Apart from the sales deposits received from customers in relation to pre-sale of properties amounting to HK$16,151,000 which is expected to be recognized as revenue during the year ending 31st December 2024).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

17 RESTRICTED CASH, BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	2023	2022
	HK$'000	HK$'000
Cash at banks and in hand	**297,524**	258,079
Bank deposits with maturity less than 3 months	**59,575**	51,726
Cash and cash equivalents as stated in the consolidated cash flow statement	**357,099**	309,805
Restricted cash (note)	**10,208**	26,186
Bank deposits with maturity over 3 months	**721,494**	840,885
Restricted cash, bank deposits and cash and cash equivalents as stated in the balance sheet	**1,088,801**	1,176,876
Maximum exposure to credit risk	**1,088,777**	1,176,849

Note:

The balance represented the receipts from pre-sale of properties denominated in RMB and placed in designated bank accounts in China Mainland as at 31st December 2023, and will be released in accordance with certain construction progress milestones.

Restricted cash, bank deposits and cash and cash equivalents in the balance sheet are denominated in the following currencies:

	2023	2022
	HK$'000	HK$'000
Renminbi	**707,471**	862,564
Hong Kong dollar	**379,833**	303,129
Singapore dollar	**1,497**	11,183
	1,088,801	1,176,876

These bank balances and cash of the Group held in the PRC are subject to the rules and regulations of foreign exchange control promulgated by the Chinese government.

Accounting policies of cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

18 SHARE CAPITAL

	2023		2022	
	Number of shares (thousands)	**Share capital HK$'000**	Number of shares (thousands)	Share capital HK$'000
Ordinary shares, issued and fully paid:				
At 1st January	**978,436**	**1,101,358**	982,114	1,101,358
Share repurchased and cancelled during the year (note)	**(4,592)**	**–**	(3,678)	–
At 31st December	**973,844**	**1,101,358**	978,436	1,101,358

Note:

During the year, the Company repurchased its own shares from the market in total of 4,592,000 (2022: 3,678,000) ordinary shares at an aggregate consideration of HK$4,879,000 (2022: HK$4,419,000) (including the relevant transaction costs and expenses of HK$40,000 (2022: HK$35,000)). The average price of the repurchased shares was HK$1.054 (2022: HK$1.192) per share. These repurchased shares had been cancelled at the end of the reporting period.

Accounting policies of share capital

Ordinary shares are classified as equity. Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

19 RESERVES

	Capital reserve HK$'000	Revaluation reserve HK$'000	Other reserves[i] HK$'000	Exchange reserve HK$'000	Sub-total HK$'000	Retained earnings HK$'000	Total reserves HK$'000
Balance at 1st January 2023	(34,204)	117,867	100,026	128,025	311,714	3,034,311	3,346,025
Profit for the year	–	–	–	–	–	116,164	116,164
Revaluation of property, plant and equipment upon reclassification to investment property	–	655	–	–	655	–	655
Change in fair value of financial assets at fair value through other comprehensive income	–	136	–	–	136	–	136
Currency translation differences	–	–	–	(71,528)	(71,528)	–	(71,528)
Total comprehensive income/(loss)	–	791	–	(71,528)	(70,737)	116,164	45,427
Ordinary shares repurchased and cancelled (note 18)	–	–	–	–	–	(4,879)	(4,879)
Appropriation to reserves	–	–	164	–	164	(164)	–
2022 final dividend paid	–	–	–	–	–	(48,922)	(48,922)
2023 interim dividend paid	–	–	–	–	–	(34,245)	(34,245)
Balance at 31st December 2023	(34,204)	118,658	100,190	56,497	241,141	3,062,265	3,303,406
Representing:							
Reserves	(34,204)	118,658	100,190	56,497	241,141	3,023,311	3,264,452
2023 final dividend proposed	–	–	–	–	–	38,954	38,954
	(34,204)	118,658	100,190	56,497	241,141	3,062,265	3,303,406

19 RESERVES *(continued)*

	Capital reserve HK$'000	Revaluation reserve HK$'000	Other reserves[i] HK$'000	Exchange reserve HK$'000	Sub-total HK$'000	Retained earnings HK$'000	Total reserves HK$'000
Balance at 1st January 2022	(34,204)	112,162	99,394	358,008	535,360	2,988,022	3,523,382
Profit for the year	–	–	–	–	–	154,462	154,462
Revaluation of property, plant and equipment upon reclassification to investment property	–	6,457	–	–	6,457	–	6,457
Change in fair value of financial assets at fair value through other comprehensive income	–	(752)	–	–	(752)	–	(752)
Currency translation differences	–	–	–	(229,983)	(229,983)	–	(229,983)
Total comprehensive income/(loss)	–	5,705	–	(229,983)	(224,278)	154,462	(69,816)
Ordinary shares repurchased and cancelled (note 18)	–	–	–	–	–	(4,419)	(4,419)
Appropriation to reserves	–	–	632	–	632	(632)	–
2021 final dividend paid	–	–	–	–	–	(68,748)	(68,748)
2022 interim dividend paid	–	–	–	–	–	(34,374)	(34,374)
Balance at 31st December 2022	(34,204)	117,867	100,026	128,025	311,714	3,034,311	3,346,025
Representing:							
Reserves	(34,204)	117,867	100,026	128,025	311,714	2,985,389	3,297,103
2022 final dividend proposed	–	–	–	–	–	48,922	48,922
	(34,204)	117,867	100,026	128,025	311,714	3,034,311	3,346,025

(i) Other reserves are attributable to certain subsidiaries established in China Mainland. These reserves, comprising a general reserve fund and an enterprise development fund, are set aside in accordance with the relevant statutory requirements in China Mainland. The amount set aside is determined by the directors of these subsidiaries at their financial year end. The fund can only be used to make up losses incurred, increase registered capital or used for collective welfare of employees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

20 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2023 **HK$'000**	2022 HK$'000
Trade payables (note (a))	**34,605**	47,251
Other payables and accruals (note (b))	**203,465**	253,928
Less: non-current portion (note (c))	**(30,995)**	(26,152)
Current portion	**172,470**	227,776

The carrying amounts of the Group's trade payables, other payables and accruals approximate their fair values.

Notes:

(a) The ageing of the trade payables based on invoice date is as follows:

	2023 **HK$'000**	2022 HK$'000
1–30 days	**29,351**	40,130
31–90 days	**3,654**	4,760
Over 90 days	**1,600**	2,361
	34,605	47,251

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2023 **HK$'000**	2022 HK$'000
Renminbi	**32,348**	43,004
Singapore dollar	**2,228**	4,206
Hong Kong dollar	**29**	41
	34,605	47,251

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

20 TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS *(continued)*

Notes: *(continued)*

(b) Nature of other payables and accruals is as follows:

	2023 HK$'000	2022 HK$'000
Deposits received	**54,970**	56,959
Construction payables	**76,947**	128,351
Accruals and others	**71,548**	68,618
	203,465	253,928

(c) The non-current portion of other payables and accruals represents the deposits received from tenants which will be refunded in a period over twelve months from 31st December 2023.

Accounting policies of trade and other payables

Trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

21 DEFERRED INCOME TAX

	2023 HK$'000	2022 HK$'000
Deferred income tax assets	**(55,873)**	(57,478)
Deferred income tax liabilities	**375,325**	399,376
	319,452	341,898

The gross movement on the deferred income tax account of the Group is as follows:

	2023 HK$'000	2022 HK$'000
At 1st January	**341,898**	400,794
Credited to consolidated income statement (note 30)	**(13,731)**	(31,965)
Charged to other comprehensive income	**273**	1,902
Exchange differences	**(8,988)**	(28,833)
At 31st December	**319,452**	341,898

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

21 DEFERRED INCOME TAX *(continued)*

Deferred income tax assets are recognized for tax losses carried forward to the extent that realization of the related tax benefit through the future taxable profits is probable. The Group has unrecognized tax losses of HK$939,686,000 (2022: HK$941,864,000), of which HK$637,950,000 (2022: HK$636,123,000), HK$3,666,000 (2022: HK$16,105,000) and HK$86,285,000 (2022: HK$77,851,000) are subject to agreement by the Inland Revenue Department in Hong Kong and the relevant tax authorities in the PRC and Singapore, respectively, to carry forward against future taxable income. Out of the unrecognized tax losses, HK$936,020,000 (2022: HK$925,759,000) have no expiry date and the remaining amount will expire at various dates up to and including 2028.

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred income tax liabilities

	Accelerated taxation depreciation		Change in fair values		Dividend withholding tax		Others		Total	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
At 1st January	**144,846**	155,847	**231,175**	266,699	**62,216**	61,634	**24,567**	27,770	**462,804**	511,950
Exchange differences	**(4,268)**	(12,527)	**(5,893)**	(18,856)	**(1,385)**	(3,884)	**(652)**	(2,084)	**(12,198)**	(37,351)
Charged/(credited) to consolidated income statement	**785**	1,526	**(14,740)**	(18,570)	**1,369**	4,466	**(3,417)**	(1,119)	**(16,003)**	(13,697)
Charged to other comprehensive income	**–**	–	**273**	1,902	**–**	–	**–**	–	**273**	1,902
At 31st December	**141,363**	144,846	**210,815**	231,175	**62,200**	62,216	**20,498**	24,567	**434,876**	462,804

Deferred income tax assets

	Provisions		Others (note)		Total	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
At 1st January	**(59,905)**	(54,715)	**(61,001)**	(56,441)	**(120,906)**	(111,156)
Exchange differences	**1,591**	4,200	**1,619**	4,318	**3,210**	8,518
(Credited)/charged to consolidated income statement	**(2,252)**	(9,390)	**4,524**	(8,878)	**2,272**	(18,268)
At 31st December	**(60,566)**	(59,905)	**(54,858)**	(61,001)	**(115,424)**	(120,906)

Note: The amount mainly included the deferred income tax assets relating to the right of return obligation totalling HK$38,468,000 (2022: HK$46,525,000) at year end.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet.

22 LEASE LIABILITIES

	2023 HK$'000	2022 HK$'000
Current liabilities	21,432	18,629
Non-current liabilities	22,829	31,048
	44,261	49,677

The total cash payment for lease for the year ended 31st December 2023 was HK$105,214,000 (2022: HK$82,627,000).

The Group's leasing activities and how these are accounted for

The Group leases various retail spaces and premises, warehouses, offices, equipment and cars. Rental contracts are typically made for fixed periods of 1 to 5 years but may have extension options (note 7(b)). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group also leases certain land use rights in China Mainland. These land use rights are leased for a period of between 40 and 70 years on which plants and buildings of the Group are situated on.

The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes except for the land use rights in China Mainland.

Future aggregate minimum lease payment under non-cancellable short-term leases amounted to HK$9,157,000 (2022: HK$10,517,000).

Payment obligations in respect of operating leases on properties with rentals vary with gross revenues are not included as future minimum lease payments.

23 OTHER LOSSES

	2023 HK$'000	2022 HK$'000
Fair value losses on investment properties	47,066	57,110

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

24 EXPENSES BY NATURE

	2023 HK$'000	2022 HK$'000
Cost of inventories sold	**443,245**	475,055
Cost of properties sold	**66,244**	97,293
Provision for impairment of inventories	**24,807**	33,813
Direct operating expenses arising from investment properties that generated rental income	**37,684**	38,483
Expenses relating to:		
– short-term leases	**22,309**	24,622
– variable lease payments	**61,588**	39,836
Depreciation of property, plant and equipment (note 6)	**26,701**	22,577
Depreciation of right-of-use assets (note 7)	**18,788**	18,524
Impairment of right-of-use assets (note 7)	**1,821**	10,703
Staff costs including directors' emoluments (note 25)	**224,016**	203,617
Auditors' remuneration:		
– audit services	**3,822**	3,407
– non-audit services	**1,022**	852
Advertising and promotion expenses	**111,192**	98,235
(Reversal of provision)/provision for impairment of trade receivables, net (note 15)	**(1,122)**	1,028
Net exchange loss	**713**	1,727
Other expenses	**139,786**	136,119
	1,182,616	1,205,891
Representing:		
Cost of sales	**572,941**	645,919
Selling and marketing costs	**447,488**	406,197
Administrative expenses	**162,187**	153,775
	1,182,616	1,205,891

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

25 STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	2023 HK$'000	2022 HK$'000
Staff costs		
– Wages and salaries	**181,201**	162,248
– Retirement benefit costs (note 26)	**42,815**	41,369
	224,016	203,617

Accounting policies of employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity or paternity leave are not recognized until the time of leave.

(b) Profit sharing and bonus plans

The expected costs of profit sharing and bonus payments are recognized as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for profit sharing and bonus plans are expected to be settled within the next twelve months and are measured at the amounts expected to be paid when they are settled.

(c) Pension obligations

The Group operates defined contribution retirement schemes which are available for all qualified employees in Hong Kong and Singapore. The assets of the schemes are held separately from those of the Group in independently administered funds. For the retirement schemes for Hong Kong and Singapore employees, monthly contributions made by the Group and the employees are calculated as a fixed percentage of the employees' basic salaries or a fixed sum for each employee where appropriate. Contributions to these schemes by the Group are expensed as incurred and/or are reduced by contributions forfeited by employees who leave the schemes prior to vesting fully in the Group's contributions.

The Group also participates in the employee pension schemes operated by the municipal governments of various cities in China Mainland and is required to make annual contributions to these schemes. The municipal governments are responsible for the entire pension obligations payable to retired employees. The only obligation of the Group is to pay the ongoing required contributions under these schemes. The contributions are charged to the income statement as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

26 RETIREMENT BENEFIT COSTS

	2023 HK$'000	2022 HK$'000
Defined contribution schemes for:		
Hong Kong employees (note (a))	**814**	532
Singapore employees (note (b))	**1,622**	1,503
China Mainland employees (note (c))	**40,379**	39,334
	42,815	41,369

Notes:

(a) Under the Mandatory Provident Fund (the "MPF") scheme, both the employer and employee have to contribute 5% of the employee's relevant income or HK$1,500, whichever is lower, as mandatory contribution. The employer and employee may further contribute certain percentage of the employee's relevant income, as voluntary contribution.

The amount represents contributions paid and payable by the Group to the MPF scheme totalling HK$814,000 (2022: HK$532,000) without any forfeited contributions (2022: nil). Contributions totalling HK$85,000 (2022: HK$88,000) payable to the MPF scheme at the year end were included in other payables. There were no unutilized forfeited contributions at year end (2022: nil).

(b) Contributions paid and payable by the Group to the schemes amounted to HK$1,622,000 (2022: HK$1,503,000). Contributions totalling HK$245,000 (2022: HK$217,000) payable to the schemes at the year end were included in other payables. There were no unutilized forfeited contributions at year end (2022: nil).

(c) This represents gross contributions made by the Group to employee pension schemes operated by the municipal governments of various cities in the PRC. There was no contribution payable (2022: nil) to the municipal governments at year end.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

27 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' and Chief Executive's emoluments

Pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefit of Directors) Regulation (Cap. 622G) and the Listing Rules, the remuneration of every Director and the Chief Executive for the year ended 31st December 2023:

	2023					
Name	**Fees HK$'000**	**Salary HK$'000**	**Discretionary bonuses HK$'000**	**Estimated money value of other benefits (1) HK$'000**	**Employer's contribution to a retirement benefit scheme HK$'000**	**Total HK$'000**
Director						
Madam Wong Lei Kuan (2)	–	743	446	50	–	1,239
Mr. Ng Ming Wah, Charles	360	–	–	–	–	360
Dr. Lau Yue Sun	360	–	–	–	–	360
Mr. Li Ka Fai, David	360	–	–	–	–	360
Mr. Ngan On Tak	360	–	–	–	–	360
Ms. Lo Wing Sze (3)	269	–	–	–	–	269
Director and Chief Executive						
Mr. Tsang Chi Ming, Ricky	–	5,642	4,028	–	18	9,688

	2022					
Name	Fees HK$'000	Salary HK$'000	Discretionary bonuses HK$'000	Estimated money value of other benefits (1) HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Director						
Madam Wong Lei Kuan	–	1,951	1,186	205	–	3,342
Mr. Ng Ming Wah, Charles	360	–	–	–	–	360
Dr. Lau Yue Sun	360	–	–	–	–	360
Mr. Li Ka Fai, David	360	–	–	–	–	360
Mr. Ngan On Tak	360	–	–	–	–	360
Director and Chief Executive						
Mr. Tsang Chi Ming, Ricky	–	4,984	4,744	27	18	9,773

Notes:

(1) Estimated money value of other benefits includes medical expenses reimbursement.

(2) Madam Wong Lei Kuan retired on 19th May 2023.

(3) Ms. Lo Wing Sze was appointed on 3rd April 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

27 DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(continued)*

(b) Directors' retirement benefits

During the year, no retirement benefits were paid to or receivable by the Directors in respect of their services as Directors of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiary undertaking through defined benefit pension plans (2022: nil).

(c) Directors' termination benefits

During the year, no payments or benefits in respect of termination of Directors' services were paid or made, directly or indirectly, to the Directors; nor are any payable (2022: nil).

(d) Consideration provided to third parties for making available Directors' services

During the year, no consideration was provided to or receivable by third parties for making available Directors' services (2022: nil).

(e) Information about loans, quasi-loans and other dealings in favor of Directors, controlled bodies corporate by and connected entities with such Directors

During the year, there are no loans, quasi-loans or other dealings in favor of the Directors, their controlled body corporates and connected entities (2022: nil).

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

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: nil).

28 EMOLUMENTS OF SENIOR MANAGEMENT

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year includes one (2022: two) Director(s) whose emoluments are reflected in the analysis presented in note 27(a) above. The emoluments payable to the remaining four (2022: three) individuals during the year are as follows:

	2023 HK$'000	2022 HK$'000
Basic salaries, housing and other allowances	**9,005**	7,395
Bonuses	**2,678**	1,919
Retirement benefit costs	**50**	74
	11,733	9,388

The emoluments fell within the following bands:

	Number of individuals	
	2023	2022
Emolument bands		
HK$1,000,001 – HK$1,500,000	**1**	–
HK$2,000,001 – HK$2,500,000	**–**	1
HK$2,500,001 – HK$3,000,000	**1**	1
HK$3,000,001 – HK$3,500,000	**1**	–
HK$4,000,001 – HK$4,500,000	**1**	1

(b) Other than disclosed in notes 27(a) and 28(a) above, no emoluments have been paid by the Group to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. None of the Directors or the five highest paid individuals waived or agreed to waive any emoluments during the year.

(c) Emoluments of senior management

Other than the emoluments of Directors and five highest paid individuals disclosed in notes 27(a) and 28(a) respectively, the emoluments of the senior management fell within the following bands:

	Number of individuals	
	2023	2022
Emolument bands		
HK$2,000,001 – HK$2,500,000	**–**	1

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

29 INTEREST INCOME AND INTEREST EXPENSE

	2023 HK$'000	2022 HK$'000
Interest income:		
– Interest income from bank deposits	**27,402**	22,725
Interest expense:		
– Interest expense on lease liabilities	**(1,743)**	(1,293)
	25,659	21,432

Accounting policies of interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

30 INCOME TAX EXPENSE

	2023 HK$'000	2022 HK$'000
Hong Kong profits tax:		
Current year	**13**	81
Taxation outside Hong Kong:		
Current year	**24,297**	51,289
Under-provision in prior year	**690**	273
	24,987	51,562
Deferred income tax (note 21)	**(13,731)**	(31,965)
Total income tax expense	**11,269**	19,678

Hong Kong profits tax rate has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year.

Taxation on profits generated in the PRC has been calculated on the estimated assessable profit for the year at the rate of 25% (2022: 25%). For subsidiaries that qualify for the inclusive tax reduction policy for small and micro enterprises, in accordance with the existing policy of the PRC, taxation on profits generated in the PRC has been calculated at a preferential rate of 5% (2022: 2.5% to 5%). Taxation on profits outside Hong Kong and the PRC has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

30 INCOME TAX EXPENSE *(continued)*

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

	2023 HK$'000	2022 HK$'000
Profit before income tax	**127,433**	174,140
Calculated at a tax rate of 16.5% (2022: 16.5%)	**21,026**	28,733
Effect of different taxation rates in other countries	**(8,901)**	(4,542)
Income not subject to tax	**(11,089)**	(18,147)
Expenses not deductible for tax purposes	**3,015**	3,333
Utilization of unrecognized tax losses	**(328)**	(1,399)
Tax losses not recognized	**5,649**	6,996
Withholding tax on profits retained by the PRC subsidiaries	**1,369**	4,466
Others	**528**	238
Total income tax expense	**11,269**	19,678

Corporate withholding income tax on dividend distribution

Under the CIT Law, corporate withholding income tax is levied on the foreign investor incorporated in Hong Kong for dividends which arise from profits of foreign investment enterprises earned after 1st January 2008 at a tax rate of 5% (2022: 5%).

Accounting policies of current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

30 INCOME TAX EXPENSE *(continued)*

Accounting policies of current and deferred income tax *(continued)*

The deferred tax liability in relation to investment properties that are measured at fair value is determined assuming the properties will be recovered entirely through use for investment properties in the PRC and through sale for investment properties in other region.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in the income statement, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

31 DIVIDENDS

	2023 **HK$'000**	2022 HK$'000
2022 interim dividend, paid, of 3.5 HK cents per ordinary share	**–**	34,374
2022 final dividend, paid, of 5.0 HK cents per ordinary share	**–**	48,922
2023 interim dividend, paid, of 3.5 HK cents per ordinary share	**34,245**	–
2023 final dividend, proposed, of 4.0 HK cents per ordinary share (note)	**38,954**	–
	73,199	83,296

Note:

At a meeting held on 19th March 2024, the Directors declared a final dividend of 4.0 HK cents per ordinary share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31st December 2023.

32 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2023	2022
Profit attributable to owners of the Company (HK$'000)	**116,164**	154,462
Weighted average number of ordinary shares in issue	**978,385,013**	981,690,335
Basic earnings per share (HK cents)	**11.87**	15.73

(b) Diluted

Diluted earnings per share equals basic earnings per share as there were no potential dilutive ordinary shares in issue during the years ended 31st December 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

33 CASH FLOW INFORMATION

(a) Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

	2023 HK$'000	2022 HK$'000
Profit before income tax	**127,433**	174,140
Adjustments for:		
– Depreciation of property, plant and equipment (note 6)	**26,701**	22,577
– Depreciation of right-of-use assets (note 7)	**18,788**	18,524
– Impairment of right-of-use assets (note 7)	**1,821**	10,703
– Provision for impairment of inventories	**24,807**	33,813
– Interest income (note 29)	**(27,402)**	(22,725)
– Interest expense (note 29)	**1,743**	1,293
– (Gains)/losses on disposals of property, plant and equipment (note 33(a)(i))	**(522)**	12
– Gains on disposal of right-of-use assets	**(330)**	(12)
– Fair value losses on investment properties	**47,066**	57,110
– (Reversal of provision)/provision for impairment of trade receivables, net (note 15)	**(1,122)**	1,028
Changes in working capital:		
– Property under development	**(29,065)**	(104,936)
– Inventories	**(15,526)**	(25,706)
– Trade receivables, prepayments, deposits, other receivables and contract assets	**62,992**	11,997
– Trade payables, other payables, accruals and contract liabilities	**(121,293)**	(114,858)
Net cash generated from operations	**116,091**	62,960

Note:

(i) Disposals of property, plant and equipment

	2023 HK$'000	2022 HK$'000
Net book amount	**877**	111
Gains/(losses) on disposals of property, plant and equipment	**522**	(12)
Proceeds received	**1,399**	99

33 CASH FLOW INFORMATION *(continued)*

(b) Major non-cash financing activities

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$15,788,000 and HK$15,593,000 (2022: HK$43,909,000 and HK$43,352,000), respectively, in respect of lease arrangements for buildings and equipment and disposals of right-of-use assets and lease liabilities of HK$97,000 and HK$427,000, respectively, in respect of lease arrangements for buildings and equipment (2022: HK$116,000 and HK$128,000, respectively, in respect of lease arrangements for equipment).

(c) Reconciliation of liabilities arising from financing activities

Lease liabilities

	2023 **HK$'000**	2022 HK$'000
At 1st January	**49,677**	25,156
Changes from financing cash flows	**(19,574)**	(16,876)
Additions	**15,593**	43,352
Disposal	**(427)**	(128)
Exchange differences	**(1,008)**	(1,827)
At 31st December	**44,261**	49,677

34 GUARANTEES OF MORTGAGE FACILITIES

	2023 **HK$'000**	2022 HK$'000
Guarantees in respect of mortgage facilities for certain property buyers	**20,364**	77,318

These represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain buyers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The above guarantees are to be discharged upon the earlier of (i) the banks received the corresponding real estate ownership certificates as custody; or (ii) the satisfaction of mortgaged loans by the property buyers.

The Directors of the Company consider that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

35 COMMITMENTS

(a) Capital commitments

Capital expenditure of the Group at the balance sheet date but not yet incurred is as follows:

	2023 HK$'000	2022 HK$'000
Property, plant and equipment		
Contracted but not provided for	**17,929**	8,087
Investment properties		
Contracted but not provided for	**3,169**	2,422

(b) Commitments for property development expenditure and land use rights

	2023 HK$'000	2022 HK$'000
Contracted but not provided for	**10,699**	134,339
Authorized but not contracted for (note 38)	**511,000**	532,000
	521,699	666,339

(c) Future aggregate minimum lease payments receivable under non-cancellable leases

	2023 HK$'000	2022 HK$'000
Rental receivables		
– not later than one year	**143,047**	132,778
– later than one year and not later than five years	**200,447**	154,297
– later than five years	**11,207**	18,447
	354,701	305,522

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

36 RELATED PARTY TRANSACTIONS

The Directors consider the immediate parent company and the ultimate parent company to be Top Grade Holdings Limited and Hin Chi Family Management Limited, which are incorporated in the British Virgin Islands and Hong Kong respectively. Top Grade Holdings Limited is interested in 62.95% of the Company's issued shares. Hin Chi Family Management Limited, as trustee of the Tsang Hin Chi (2007) Family Settlement, held all of the issued share capital of Top Grade Holdings Limited. The Company is ultimately controlled by the Tsang Family (comprising Mr. Tsang Chi Ming, Ricky, and the spouse and other direct descendants of the late Dr. Tsang Hin Chi) which, together with 0.14% of the Company's issued shares held by Mr. Tsang Chi Ming, Ricky personally, and 5.53% of the Company's issued shares held by Tsang Hin Chi Charities (Management) Limited, collectively controlled approximately 68.62% of the Company's issued shares. The remaining 31.38% of the issued shares are widely held.

In addition to those disclosed elsewhere in the financial statements, the following significant transactions were carried out with related parties:

(a) Purchases of services

	2023 HK$'000	2022 HK$'000
Professional fees paid to a related company	320	320

Note:

Equitas Capital Limited acted as financial advisor to the Group for which a professional fees of HK$320,000 was paid by the Company during the year. Mr. Ng Ming Wah, Charles, a non-executive Director of the Company, is the managing director and the principal shareholder of Equitas Capital Limited.

(b) Key management compensation

	2023 HK$'000	2022 HK$'000
Salaries, directors' emoluments and other short-term employee benefits	24,251	25,929
Retirement benefit costs	118	110
	24,369	26,039

(c) Year-end balances arising from purchases of services

	2023 HK$'000	2022 HK$'000
Accruals		
– Equitas Capital Limited	160	160

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

37 BALANCE SHEET OF THE COMPANY

		As at 31st December 2023 HK$'000	As at 31st December 2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**2,351**	–
Investment in a subsidiary		**10**	10
		2,361	10
Current assets			
Amount due from a subsidiary		**1,259,880**	1,167,110
Prepayments		**149**	694
Cash and cash equivalents		**12,752**	97,250
		1,272,781	1,265,054
Total assets		**1,275,142**	1,265,064
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**1,101,358**	1,101,358
Retained earnings	note (a)	**172,653**	162,546
Total equity		**1,274,011**	1,263,904
LIABILITIES			
Current liabilities			
Accruals		**1,131**	1,160
Total equity and liabilities		**1,275,142**	1,265,064

The balance sheet of the Company was approved by the Board of Directors on 20th September 2024 and was signed on its behalf by:

Mr. Tsang Chi Ming, Ricky
Chairman and Chief Executive Officer

Mr. Li Ka Fai, David
Director

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

37 BALANCE SHEET OF THE COMPANY *(continued)*

Note:

(a) Retained earnings movement of the Company

	Retained earnings HK$'000
At 1st January 2023	**162,546**
Ordinary shares repurchased and cancelled	**(4,879)**
2022 final dividend paid	**(48,922)**
2023 interim dividend paid	**(34,245)**
Profit for the year	**98,153**
At 31st December 2023	**172,653**
Representing:	
Reserves	**133,699**
2023 final dividend proposed	**38,954**
	172,653
At 1st January 2022	174,334
Ordinary shares repurchased and cancelled	(4,419)
2021 final dividend paid	(68,748)
2022 interim dividend paid	(34,374)
Profit for the year	95,753
At 31st December 2022	162,546
Representing:	
Reserves	113,624
2022 final dividend proposed	48,922
	162,546

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

38 SUBSEQUENT EVENTS

On 13th January 2022, Goldlion (Far East) Limited ("Goldlion Far East"), an indirect wholly-owned subsidiary of the Company, entered into an Investment Agreement with Guangzhou Airport Economic Zone Management Committee ("Guangzhou Committee"). Pursuant to the Investment Agreement, Goldlion Far East has conditionally agreed to invest in the Project through the Project Company, an indirect wholly-owned subsidiary of the Company, with an investment of no less than RMB330 million after the land use rights over the Project Land has been obtained successfully by the Project Company. The Investment Agreement shall lapse and be of no further effect if the Project Company fails to obtain the Project Land within two years from the date of the Investment Agreement.

As the Project Company has not obtained the Project Land within two years from the date of the Investment Agreement because the Guangzhou Committee was not able to identify a piece of land that the Group considered appropriate for proceeding with the Project, the Investment Agreement automatically lapsed on 13th January 2024 and the Project will not proceed. Pursuant to the Investment Agreement, all obligations of the Goldlion Far East and the Guangzhou Committee under Investment Agreement shall cease and terminate, and none of the parties shall have any claim whatsoever against the other party in relation to the Investment Agreement. The lapse of the Investment Agreement will not have any material adverse impact on the business, operation and financial position of the Group.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31st December.

39.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the separate financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(continued)

39.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer, who make strategic decisions.

39.3 Foreign currency translation

(a) Functional and presentation currency

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 consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in the income statement.

Translation differences on non-monetary assets such as equities classified as FVOCI are recognized in other comprehensive income ("OCI").

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognized in OCI.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(continued)*

39.3 Foreign currency translation *(continued)*

(c) Group companies *(continued)*

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, are recognized in OCI. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the income statement.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognized in the income statement.

39.4 Impairment of investments in subsidiaries and non-financial assets

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

Assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment. All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

39.5 Equity instruments

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(continued)

39.6 Financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortized cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated income statement.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated income statement. Dividends received from such investments continue to be recognized in the consolidated income statement as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in "other income and gains – net" in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at FVOCI are not reported separately from other changes in fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(continued)

39.6 Financial assets *(continued)*

(d) Impairment of financial assets

The Group assesses on a forward looking basis the expected credit loss ("ECL") associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 "Financial instruments" ("HKFRS 9"), which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Impairment on other receivables is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

39.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

39.8 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9; and

- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of HKFRS 15 "Revenue from contracts with customers".

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2023

39 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES
(continued)

39.9 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

39.10 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders for final dividend and Board of Directors for interim dividend.

FIVE-YEAR FINANCIAL SUMMARY

	Year ended 31st December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Profit attributable to owners of the Company	**116,164**	154,462	221,043	148,286	306,028
Assets and liabilities					
Total assets	**5,281,756**	5,490,787	5,790,323	5,290,467	5,181,108
Total liabilities	**(876,992)**	(1,043,404)	(1,165,583)	(870,229)	(957,734)
Total equity	**4,404,764**	4,447,383	4,624,740	4,420,238	4,223,374